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EC, Internal Rifts Smoothed, Faces Even Stiffer Tests
Turmoil Outside Its Borders Poses Gravest of Challenges

By Tom Redburn
International Herald Tribune
EDINBURGH — By patching up its most troublesome family quarrels, the European Community emerged from the long-awaited summit showdown more or less intact.
Denmark won the exemptions from the Maastricht agreement that it demanded as the precondition to allow Copenhagen to ask Danish voters to reconsider their rejection in June of the Treaty on European Union.
The Community, after a bitter argument between Spain and Britain that was not settled until practically the 11th hour, also cut a deal on a seven-year budget pact that will provide substantially more money for the four poorest members — Spain, Portugal, Greece and Ireland. The cash compromise opened the door to begin negotia-

The highlights of the meeting in Edinburgh, Page 6.

Liechtensteiners vote heavily to join economic group, Page 6.

ions early next year with the Community's rich country cousins — Austria, Sweden, Finland, and Norway — that want to join the group.

Prime Minister John Major of Britain, speaking at a Saturday midnight news conference after the summit meeting ended, said, "This shows that there is still a family spirit in the Community."

But after the draining internal feuds over Maastricht and money that have preoccupied the Twelve all year long, the Community now must turn its attention to the much more difficult external problems just outside the door.
The 12 members of the EC are still riven by conflicts over how to deal with the United States over farm subsidies and free trade. They fear economic breakdown in many regions of the former Soviet empire still laying in ruins to the East. And they remain largely impotent in the face of the deadly war in the Balkans that has left hundreds of thousands of impoverished refugees clamoring at the Community's gates.

With Europe burning, the fondest hope expressed by EC leaders at the Edinburgh meeting was that

the Community may finally be ready to stop fiddling.
"The Edinburgh Council will be remembered," Mr. Major said, "as the council that brought the Community back together."
"I think we can now send a message of hope for recovery right across Europe," he said. "We can also now look onwards, not just to Eastern Europe, but to Somalia and right across the world."
For the moment, however, that sentiment is more rhetoric than reality.

Community leaders, for example, issued a strongly worded statement condemning "the systematic detention and rape of Muslim women" in Bosnia-Herzegovina and blaming primarily "the present leadership of Serbia and of the Bosnia Serbs" for destroying what was once Yugoslavia. But they recommended no new actions on the part of the Community and, although offering 50 million Ecu (\$62 million) of aid to the former Yugoslav republic of Macedonia, flinched in the face of adamant Greek opposition to recognition of the breakaway republic.

At least one of the Community's much-vaunted "economic growth initiatives," supposedly designed to help kick start the faltering European economy, is clearly inadequate, officials acknowledged.
Henning Christophersen, the EC commissioner for economic affairs, predicted that economic growth in the 12 EC countries would be barely more than 1 percent in 1993, pushing Community-wide unemployment, now under 10 percent, to at least 11 percent.

By the end of next year, he said, "all the improvements in the unemployment rate over the past five years will have been wiped out."
Yet, in the face of widespread economic weakness across Europe, all the Community could agree upon was to establish two funds, representing less than 0.01 percent of EC output, to funnel additional lending into infrastructure and small-business investment. The plan falls far short of the "big bang" spending program floated last month by Jacques Delors, president of the EC Commission.
The European Investment Bank, which finances capital projects in the Community, was authorized to set up a temporary loan fund of 5 billion Ecu and a loan guarantee

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Could Paris Create A Currency Miracle?

By Carl Gewirtz
International Herald Tribune
PARIS — Something's got to give in the European Monetary System: Either German interest rates come down very fast, which seems unlikely, or the French come up with a radical solution to the impending crisis in the system.
The talk in the market is that France, no doubt followed by Denmark, will temporarily withdraw from the system, although some Paris-based analysts disagree. Paris might even be able to do it, one expert says, without the accompanying devaluation other countries have had to accept.
The miraculous school of thought is that the Germans will come up with an inflation-restraining package that would allow rate cuts fast enough to avert a new bout of currency turmoil, which will become full-blown at the start of the year when the normal players in the foreign exchange market return for business.
In the absence of many market operators, central banks last week managed to support the franc, the Danish krone and the Irish punt despite a degree of pressure on them.

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A U.S. Marine in Mogadishu on Sunday during a confrontation with a group of Somalis, whom he had just disarmed of an assault rifle.

U.S. Secures Somali Base as Staging Hub

By William Claiborne
Washington Post Service
BALI DOGLE, Somalia — U.S. military forces Sunday turned a derelict Soviet air base here into a major troop staging center for establishing security in Somalia's famine zone, and within hours began landing transport jets from the United States filled with soldiers and equipment.
Lieutenant General Robert Johnston, commander of the Joint Task Force Operation Restore Hope, is under increasing pressure from international relief agencies to get U.S. forces to Baidoa and other towns in the famine zone as soon as possible. He said Sunday, "I'm going to get there as quickly as I can, but I want to make sure that I have the forces to establish security."
Within three hours after an advance company of 230 Marines had landed in helicopters, shooed away camel herdsmen and secured the perimeter of the abandoned air base, C-141 transport jets were landing on the partly overgrown and cracked runway, unloading troops and equipment of the U.S. Army's 10th Mountain Division.
The base, about 110 kilometers (70 miles) northwest of Mogadishu, will become an important factor in the

U.S.-led task force's attempt to wrest control of Baidoa, Hoddur and Gailassai and their surrounding countryside from the remnants of warlord militias and free-lance gunmen, military officials said.
"This is just one more step to get away from the port and move out into the hinterland," said Brigadier General Thomas R. Mikolajcik, the air force commander in Operation Restore Hope. "It'll be a logistics base for providing security as they go from here to other places."
Getting American troops out into the countryside as quickly as possible after they arrive has become a critical factor in the U.S. strategy, because heavily armed gangs appear intent on looting as they are forced out of densely populated centers and head northward toward the safety of the Ethiopian border.
A task force spokesman said Sunday that there were 4,000 troops on the ground in Somalia, out of a projected U.S. force of 28,000.
General Johnston said that although there appeared to be a public "preoccupation" with getting American troops to Baidoa, "we want to be able to respond to the circumstances we find there."
He added, "I'm not going to go there wishing, by luck, it's all quiet."

A spokesman for the CARE aid agency, Rick Grant, said the organization's relief workers in Baidoa had been forced to stay in a house guarded by more than a dozen men armed with assault rifles. The Associated Press reported, "It is criminal negligence the Marines aren't there," Mr. Grant said.
A major incident occurred Saturday, before the securing of the Bali Dogle air base. Two U.S. helicopter gunships destroyed three armed Somali vehicles after the Marine aircraft were fired on, the military said.
A U.S. spokesman, Colonel Fred Peck of the Marines, said the AH-1 Cobra gunships, which were on a reconnaissance mission, had been fired on by a Somali armored personnel carrier. The Cobras fired 20mm guns and TOW anti-armor missiles, destroying the armored car and two armed vehicles next to it, Colonel Peck said.
It was the first significant exchange of gunfire between Western troops and Somalis since the Marines landed Wednesday. The incident came two days after two Somalis were killed and seven wounded when their truck barreled through a military check-

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Clinton's Economic Team Gets Set to Plug In

By Paul F. Horvitz
International Herald Tribune
WASHINGTON — President-elect Bill Clinton opens a high-profile two-day conference on the U.S. economy Monday that will showcase his newly appointed economic team and a televised "town meeting" format that he hopes will directly connect him to the public.
Consensus-building is apparently a prime goal of the meeting, which will bring together 326 business, labor, academic and consumer leaders from all 50 states and will include live telephoned questions from viewers around the country.
Mickey Kantor, the conference coordinator, said Sunday that the session would help Mr. Clinton assess the state of the economy, provide new ideas for

economic growth and give Americans a chance to participate in problem-solving.
"They want to be connected to their government," he said.
John Sculley, chairman of Apple Computer and a conference participant, said Sunday that the session would help "get the country focused on an agenda" for economic revitalization so that Mr. Clinton can take office on Jan. 20 with "a stronger voice."
Mr. Clinton rounded out his major economic appointments over the weekend, naming Ronald H. Brown, 51, national chairman of the Democratic Party, to be commerce secretary. Mr. Brown, a polished Washington lawyer and lobbyist, is widely praised for his efforts to unify the various party factions.
Mr. Clinton also named his boyhood friend and confidant from Arkansas,

Thomas F. (Mack) McLarty, 46, to the powerful post of White House chief of staff. Mr. McLarty is chairman and chief executive officer of Arka Inc., a Fortune 500 energy holding company that controls Arkansas-Louisiana Gas Co.
Mr. McLarty is expected to play the role of "honest broker" for Mr. Clinton by making sure that he hears all significant voices before making a decision and by ensuring that decisions are carried out to the president's specifications.
The latest appointments allow Mr. Clinton to begin focusing on foreign policy appointments that are expected in the next 10 days. The naming of Mr. McLarty, for example, increased speculation that Warren M. Christopher, who had been mentioned as being under consideration for chief of staff, would be named secretary of state.
Mr. Christopher, director of Mr. Clinton's transition process, is a prominent Los Angeles lawyer who was deputy secretary of state under President Jimmy Carter.
Senator Bill Bradley of New Jersey and General Colin L. Powell, chairman of the Joint Chiefs of Staff, are also frequently mentioned for the post. It is possible that Mr. Clinton will want to appoint a Middle East negotiator to work with the secretary of state.
Speculation in recent days has centered on a number of other possible nominees for national security posts, including Representative Les Aspin of Wisconsin, chairman of the House Armed Services Committee, for secretary of defense; Representative Dave

See CLINTON, Page 2

Israeli Soldier Kidnapped By Islamic Extremists

Militants Seek Release Of a Religious Leader Serving a Life Sentence
By Clyde Haberman
New York Times Service

JERUSALEM — In a daring challenge to Israel's authority in its occupied territories, Islamic militants kidnapped an Israeli soldier Sunday and threatened to kill him unless the army quickly released the imprisoned founder of a dominant Muslim group in the Gaza Strip.
The abductors' deadline passed with their demand unmet, but it was not known if they carried out their threat.
The kidnapping, a rare action that stunned Israeli officials, came in a wave of intense violence, perhaps the most severe to strike Israel and its territories since the start of the Middle East peace talks last year.

It continued over the weekend with the fatal shooting of three Palestinians and an Israeli soldier who, like three other soldiers last week, was gunned down from a passing vehicle while he was on patrol in a jeep.
In addition, Gaza was buffeted by repeated clashes between stone-throwing demonstrators and Israeli troops, who opened fire with live ammunition and rubber bullets, wounding at least 120 people in the last two days, some seriously.

A rise in violence had been anticipated for the last few days as Palestinians marked several anniversaries in their five-year-old uprising against Israeli occupation. But the fighting turned out to be unexpectedly fierce, and it produced political ripples on both sides of the line dividing Israel and the territories it has held since the 1967 war.
On the Israeli right, opposition parties said they would seek a parliamentary vote of no-confidence this week against the Labor-led government, accusing it of encouraging terrorist attacks with political concessions offered to Palestinians as part of the peace talks. The talks are continuing in Washington without tangible results.

In contrast, leftist politicians, including some government ministers, said it was time for Israel to think about pulling its forces out of poor, over-crowded, ever-turbulent Gaza, especially if the peace negotiations end in deadlock.
"There is room to consider within a certain period of time — a year or two — a unilateral withdrawal from Gaza with prior announcement," said Health Minister Haim Ramon, a Labor Party leader who reportedly was supported by four other ministers attending a weekly cabinet meeting.

The proposal was not new. Mr. Ramon himself had suggested it five years ago when Labor was in a coalition government with the Likud Party. There was no indication that the idea was now about to take a more concrete form. And even if that were to happen, it would not apply to the West Bank, where nearly all Jewish settlers in the territories live and where most Israelis feel their main security interests lie.
Nonetheless the latest violence has clearly rattled many Israelis and perhaps even weakened their resolve to remain in the territories. If for that reason alone, Palestinians seemed emboldened, taking heart especially in machine-gun attacks that killed four soldiers in the last week and that Israel's top commanders acknowledged had shown a fair amount of daring.
The previous kidnapping on Sunday of Sergeant Major Nissim Toledano in the Israeli town of Lod was likely to increase the sense among Israelis that they are under siege.
The chief demand of the kidnapers was that Israel free Sheikh Ahmed Yassin, a Gaza resident who founded the Islamic Resistance Movement, known as Hamas, five years ago.
Sheikh Yassin, 57, and long confined to a wheelchair, has been in prison since 1989 and was sentenced last year to a life term for ordering the killings of Palestinians accused of working with the Israeli authorities.



400,000 in 2 German Cities Rally to Protest Neo-Nazi Violence
Some of the 150,000 people who gathered in Frankfurt for a music festival held to show solidarity with foreigners and sympathy with their plight. In Hamburg, some 250,000 rallied in the same cause. The master of ceremonies of the Frankfurt gathering told his mostly young audience: "This isn't about politics. It's about opposition to violence and racism." Page 2.

Windsors After Fall: Fact Closes In on Fiction

By Mary Blume
International Herald Tribune
LEICESTER, England — When Britain elects a republican government, the royal family is fired and sent to live on welfare in public housing with such possessions as they can load into a van in 48 hours. It isn't much, but too much for the two-bedroom semidetached that Mrs. Windsor, as she is now known, has been allotted on the Flowers estate, in Hellebore Close, popularly known as Hell Close.
"Yes, it is hell," Mrs. Windsor remarks. Her previous experiences with council estates had consisted in walking on a red carpet, cutting a ribbon, accepting a posy from a stoned-up 2-year-old and returning to her palace. "We've had bloody cars bigger than this," says Prince Philip.
The Anbusson rug must be cut to fit the cramped lounge, the sofa that belonged to Napoleon bisected. The queen's corgi, Harris, brings home a dead rat.
Princess Diana shudders at the purple and turquoise wallpaper and buys a trouser suit in a thrift shop. Prince Charles, beamingly delighted by what he calls the simple life, starts an organic garden, which Diana neglects to water, and grows a ponytail. Princess Margaret arrives with her usual bad humor and six cocktail dresses. The Queen Mother smiles her famous smile and says of her bleak accommodation: "It's darling. It could be a kennel for a large dog."
Hell Close is dirty and neglected, cold and damp, and smells of burning tires. Its residents are mildly larcenous, appallingly dressed and, for the most part, kind. Prince Philip, deprived of his privileges, mistress and contact lenses, becomes a bedridden depressive. The queen learns to dress herself (how tricky it is to fasten a brassiere if you never have!), makes soup from old bones and, like other Hell Close residents, is bullied by bureaucrats and patronized by a social worker. The country does not go

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Kiosk

1,200 Dead in Indonesia Quake

JAKARTA (WP) — A powerful earthquake and a series of tidal waves have killed more than 1,200 people on the Indonesian island of Flores and devastated a coastal town and neighboring fishing villages, officials said Sunday.
Rescue operations in the heavily damaged town of Maumere, about 900 miles (1,450 kilometers) east of Jakarta, were being hampered by aftershocks, tropical storms, power failures and poor communications, relief officials said. They said the death toll was expected to rise.
The earthquake, measured by Indonesian authorities at 6.8 on the Richter scale, struck at midday Saturday and damaged at least a third of the buildings in Maumere, a town of about 40,000.

General News
Russia's constitutional crisis took a turn for the better as President Yeltsin reached a compromise with the parliament. Page 2.
Business/Finance
Iran beat the drums for new OPEC production cuts. Page 15.

For a Princess, a Simple Ceremony in Scotland
After her royal kinfolk had catapulted themselves through a tempestuous week, what Princess Anne needed for her remarriage was certainly not pomp and least of all circumstance. She and Commander Timothy Laurence found each other — and not much of either of the above — in a small town in Scotland. (Page 6)

WORLD BRIEFS

Rising Stakes in Macedonia: Beware of a Full-Blown War

If Western governments intervene militarily to contain the fighting in Bosnia, it will be partly to head off a wider crisis in Kosovo and Macedonia. The first international presence there was an observer mission sent by the Conference on Security and Cooperation in Europe and headed by Robert H. Frowick, a former U.S. ambassador to the group. Mr. Frowick, who returned this week to Stanford University's Hoover Institution, told Joseph Fitchett of the International Herald Tribune about the mounting alarm.

Q. In a first-ever attempt to provide "preventive peacekeeping," UN units are arriving in Macedonia. What explains this new readiness to try getting ahead of events?

A. A fight over Macedonia will explode into a full-blown Balkan war. Two NATO allies will be involved in a hurry, Turkey and Greece. That's fundamentally different from everything that has happened in former Yugoslavia, which arguably could be described as civil war. Now the most likely and dangerous scenario

starts with an attack on Kosovo that engulfs neighboring Macedonia. As the war in Bosnia winds down, Serbian militia leaders, the type who specialize in terrorizing opponents to make them flee their villages, have reasons for a new offensive.

Serbs consider Kosovo their historic homeland, but ethnically the population

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is over 90 percent Albanians. If the Serbs attack Kosovo's Albanians, Albania will come to their rescue. From the other side, Macedonia's ethnic Albanians will start crossing the border into Kosovo to help their cousins. Then Belgrade engages its Serbian forces to interdict this outside support and try pushing Macedonia's ethnic Albanians out toward Albania. Macedonians will get help from Bulgarians, to whom they are related. Turkey comes to the aid of Albania, a fellow Muslim nation. Greece might take actions in its own interest.

Q. Can't international action wait until Macedonia wins recognition as a state? A. The process of de facto recognition

may accelerate thanks to meetings under way right now: the European Community summit, the CSCE ministerial meeting, NATO ministerials, UN talks. People in Macedonia are haunted by the approaching Yugoslav elections on Dec. 20. If Milosevic is re-elected, he may feel he has a fresh mandate for Serbian expansion. If his popularity is slipping, he might unleash an attack as a way to rally the Serb nation behind him.

Q. Would an assault on Kosovo really threaten Turkey?

A. If Albania becomes openly involved, I don't see how Turkey cannot be engaged. The Muslim dimension is increasingly serious. Turks are incensed by what is happening to Muslims in Bosnia without the West doing anything.

Q. But Greek fears focus on something else: the risk that a new state called "Macedonia" might emerge with irredentist claims on northern Greece.

A. Greeks have to ask themselves what is worse: a weak "Macedonia" versus modern Greece enjoying NATO protection, or Turkish military action around Greece, with NATO hamstringing because two allies are pitted against each other. Nothing could jar Greek security inter-

ests more than the sight of Turkey coming to the aid of Albania, if not overland then coming around by sea.

Q. What have international missions such as yours been doing?

A. Macedonia was extraordinarily vulnerable because there were no diplomatic missions in Skopje. We provided a kind of early warning system, designed to defuse incidents and deter attack by reporting to interested capitals. Inside Macedonia, political strains are sharpening as the economy deteriorates, mainly because the anti-Serb embargo is also strangling Macedonia. We helped the Skopje government understand the need to do better for the Albanian minority, whose local leaders are now trying to keep the republic viable. We also tried to encourage better border arrangements, and Skopje was immediately ready to proceed but Belgrade was defiantly silent. All these diplomatic efforts were good, but no longer enough to do the job of preventing war.

Q. As you leave your official position, what do you recommend?

A. In my personal view, we should be willing to use air power to back up warnings more than the sight of Turkey coming to the aid of Albania, if not overland then coming around by sea.

to Milosevic or any of the other Yugoslavs who may be tempted to move into Kosovo to start a war. I'm not saying we should bomb Belgrade. With air power, we could draw the line—if necessary, by hitting any Serbian military effort involved in attacking Kosovo. To get the military credibility needed while there is still time, we must start showing Belgrade that from now on any breach of commitments will be met with action, perhaps starting with enforcement of the "no-fly" rules in Bosnia.

Q. Could this policy get an international consensus?

A. I think that U.S. leadership is definitely needed because the European Community does not seem able to muster what is needed for military action. There appears to be heightened realization in Washington these days that the problem is changing in nature, so the response must, too. Any Western action against Serbia should be discussed with Moscow because of historic Russian ties to this Slavic people and region, but I think we could expect positive understanding from the Yeltsin leadership about preventing a conflagration.

700 Arrested in India Crackdown As Quiet Returns to Most of Nation

NEW DELHI (AP)—Police sealed the offices of Hindu and Muslim nationalist groups Sunday and arrested nearly 700 people in a nationwide crackdown on extremists held responsible for a week of communal rioting.

The government announced a casualty toll of 1,210 dead and 4,600 wounded in the clashes that erupted after Hindus tore down a 16th-century mosque in Ayodhya on Dec. 6. More victims were still being discovered.

The arrests were part of Prime Minister P. V. Narasimha Rao's effort to assert the government's authority and counter critics who called him weak and indecisive when he failed to prevent the mosque's destruction.

Quiet returned to most areas after a week of the worst Hindu-Muslim clashes since independence in 1947. The only major incident reported Sunday was in Mysore, in the southern state of Karnataka. Officials said 15 people were stabbed in a melee, and the police opened fire to disperse the rioters. Curfews were lifted during daylight hours in most of the 135 cities where people had been confined to their houses for days.

UN Team Seeks Iraqi Clarifications

BAGHDAD (Reuters)—A team of United Nations weapons experts made their final inspection of the Iraq on Sunday and said there were still points to be clarified in talks with Iraqi officials.

The team leader, Johan Santesson, a chemist expert from the World Health Organization, said that none of the inspections had uncovered any weapons-related material but that their talks had not been satisfying.

He declined to comment on the contents of a letter to the president of the Security Council from the Special Commission charged with destroying Iraq's most lethal weapons. An Iraqi newspaper, Babal, published by President Saddam Hussein's son Uday, quoted the letter as saying a senior Iraqi official had told Mr. Santesson that there would be no more cooperation from the Iraqi side and that he would punish anyone who did cooperate with the UN inspectors.

Cairo Holds 600 in Terrorist Sweep

CAIRO (AFP)—Authorities are holding 600 Muslims suspected of being fundamentalist terrorists after a six-day sweep of the Cairo neighborhood of Imbaba, the police said Sunday. Security forces were continuing their search for extremists and arms caches in Imbaba on Sunday, which began last Monday but almost half had been released.

The police arrested 20 suspects on Saturday. Five of them had explosives and were planning attacks on cinemas and theaters in Cairo, the police said. The sweep has netted the head of the Imbaba extremists, Sheikh Gaber Ahmad Mohammad Ali, who had repeatedly challenged authorities in interviews with foreign news agencies.

Sheikh Gaber, 35, admitted taking part in attacks last year on churches in Imbaba and having ordered militants to carry out bomb attacks in the city, the police said. He and 11 supporters were accused Saturday by the state prosecutor of "creating an illegal organization aimed at causing unrest" and possessing weapons for attacks on policemen and shops.

Arms Treaty Eludes U.S. and Russia

STOCKHOLM (Reuters)—The United States and Russia failed Sunday to complete a landmark agreement to cut their arsenals of long-range nuclear missiles, but senior officials said there was still a chance of doing so before the Bush administration leaves office next month.

After a three-hour meeting, Foreign Minister Andrei V. Kozlov and Secretary of State Lawrence S. Eagleburger said they had made some progress but would probably have to meet again to complete work on the START II treaty, a follow-up to the first strategic arms-reduction pact signed last year. START II would eliminate all land-based multiple warhead missiles, the most dangerous and destabilizing in either country's nuclear arsenal, and reduce both sides' total stockpiles of warheads by up to two-thirds.

With President Boris N. Yeltsin under pressure from conservatives at home, some American officials were doubtful whether he had the time, will or political ability to focus on an agreement that Russian hard-liners have criticized as making too many concessions to the United States.

Seoul Tightens Security for Election

SEOUL (AP)—Policemen were placed on alert and security was tightened Sunday at airports, harbors and campaign rallies as South Korea prepared for its presidential election, officials said.

Korean newspapers reported that the police had obtained information from China that North Korea agents might try to disrupt the campaign and create unrest in advance of the elections on Friday.

Uniformed and plainclothes police, using bomb-sniffing dogs and metal detectors, searched cars entering the Seoul airport. Squads of martial-arts trained experts were added to security teams already assigned to guard major candidates, the police said.

Italians Voting in Local Elections

ROME (AP)—Voters in 55 cities and one province began casting ballots on Sunday in local elections that could measure discontent with major parties over austerity moves and a national political corruption scandal.

Nearly a million voters are eligible to vote Sunday or Monday in the elections for city councils and for the provincial council in La Spezia. The counting will not begin until the polls close at 2 P.M. on Monday.

Italy's Northern League, a protest party seeking greater autonomy for northern Italy, won the largest share, 33.6 percent of the vote, in the last local elections in northern Mantua Province in September. The most important cities in Sunday and Monday's election are Monza, Varese, Reggio di Calabria and Viareggio.

Wallace Son Asks Reopening of Case MONTGOMERY, Alabama (AP)—The son of former Governor George C. Wallace of Alabama, citing new claims that his father's 1972 assassination attempt was discussed in the Nixon White House, wants the FBI to reinvestigate the shooting.

George Wallace Jr. said he had asked President-elect Bill Clinton to reopen the investigation. He also wants a congressional inquiry. Jeff Eller, a Clinton spokesman in Little Rock, Arkansas, said there would be no comment on the request until it was received. The elder Wallace, who was seeking the Democratic presidential nomination, was shot May 15, 1972, during a campaign stop in Laurel, Maryland, leaving his leg paralyzed.

The call for a renewed investigation was prompted by an article in the New Yorker magazine that reported that former President Richard Nixon and an aide, Charles Colson, discussed planting George McGovern campaign literature in the apartment of Mr. Wallace's attacker.

Russian Deal Hints At Normal Politics

By Steven Erlanger

New York Times Service

MOSCOW—A compromise between President Boris N. Yeltsin and his legislative opposition, unveiled over the weekend with much drama and some confusion, contains the promise of an end to Russia's long-standing constitutional crisis and the development of more ordinary democratic politics, some government officials and senior Western diplomats said Sunday.

By scheduling a popular referendum for April 11 on major constitutional questions, the country's squabbling leaders have allowed the people of Russia a crucial say in their future that previously had been denied them.

In the meantime, the status quo before this venomous session of the Congress of People's Deputies began Dec. 1 will essentially be restored, with Mr. Yeltsin keeping his special powers of decree over the unwieldy, 1,041-member Congress.

Debates over economic policy, appointments and all the normal difficulties of ordinary administration have invariably become distorted in a country that has not even resolved the fundamental rules under which it will be governed.

Will Russia have a presidential or a parliamentary system? Will its legal structure emphasize the rights and duties of individuals or the power of the state? What will be the extent of the legislature's power, or the nature of checks and balances among the executive, legislative and judicial powers? All these questions have been unsettled.

On Monday, under the terms of the compromise, Mr. Yeltsin will put forward several candidates for prime minister nominated by legislative factions. The Congress will rate them in a vote, and then Mr. Yeltsin will nominate one of the top three vote-getters.

If the Congress then gives that nominee a majority, he will be prime minister; if not, Mr. Yeltsin can name an acting prime minister. Many deputies expect Mr. Gaidar to emerge one way or another.

As Yeltsin supporters and opponents gathered in separate rallies on Sunday, Gaidar aides said privately that the outcome was "a significant victory," especially in the face of a runaway legislature itching to strip Mr. Yeltsin of much of his authority.

Given that the Congress will not meet again until the constitutional referendum takes place, one government adviser said, "this Congress may have voted itself out of existence without realizing it," since a new constitution is likely to change Russia's governmental structure, implying new elections and new institutions.

At the heart of the conflict between Mr. Yeltsin, his appointed, provisional government and the unwieldy, 1,041-member Congress has been a bitter struggle over the shape of Russia's future polity.

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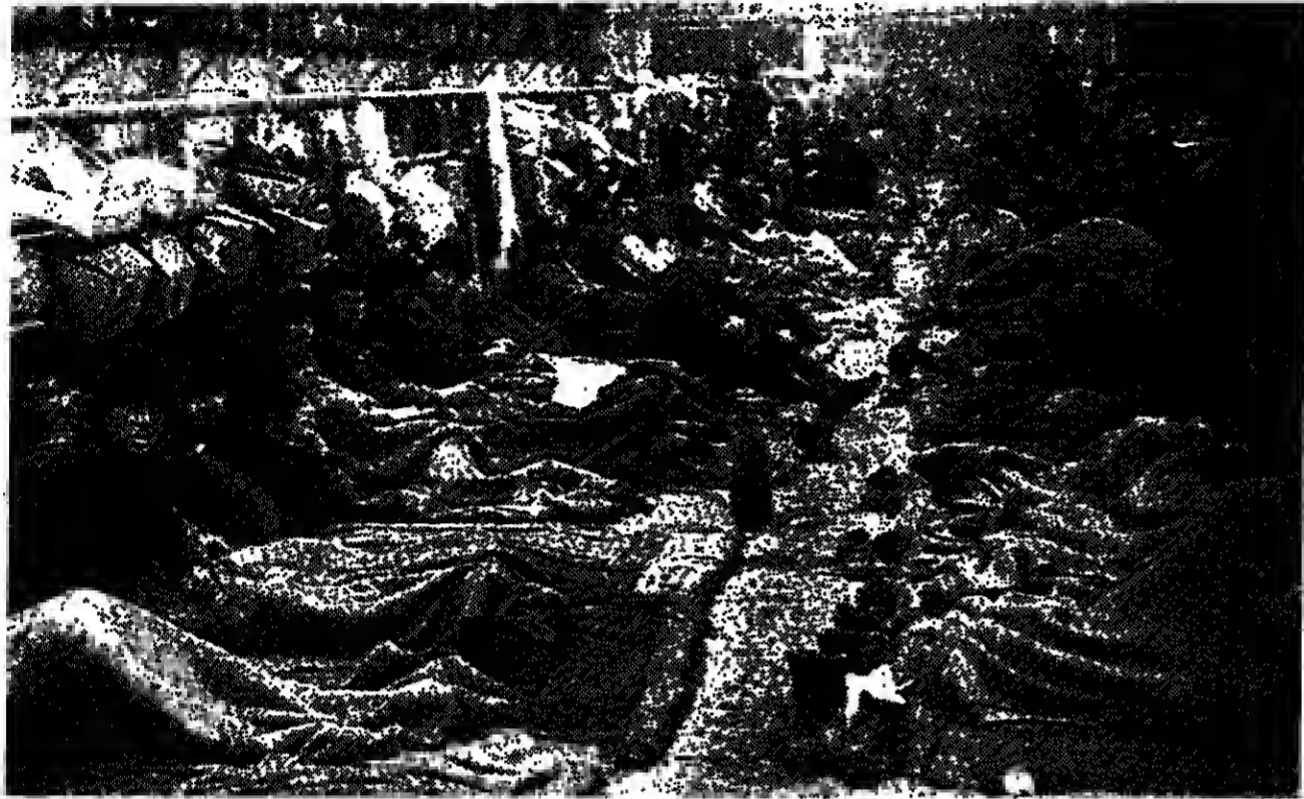
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If the Congress then gives that nominee a majority, he will be prime minister; if not, Mr. Yeltsin can name an acting prime minister. Many deputies expect Mr. Gaidar to emerge one way or another.

As Yeltsin supporters and opponents gathered in separate rallies on Sunday, Gaidar aides said privately that the outcome was "a significant victory," especially in the face of a runaway legislature itching to strip Mr. Yeltsin of much of his authority.

Given that the Congress will not meet again until the constitutional referendum takes place, one government adviser said, "this Congress may have voted itself out of existence without realizing it," since a new constitution is likely to change Russia's governmental structure, implying new elections and new institutions.

At the heart of the conflict between Mr. Yeltsin, his appointed, provisional government and the unwieldy, 1,041-member Congress has been a bitter struggle over the shape of Russia's future polity.



Muslims in Manjaca prison outside Banja Luka, Bosnia, awaiting a POW exchange to take place under UN auspices. More than 500 male detainees left Sunday at the start of the swap. Some 3,000 inmates will be released in batches Monday, Wednesday and Friday.

U.S. to Back Enforced Bosnia Flight Ban

Compiled by Our Staff From Dispatches

STOCKHOLM—In a stiffening of the Bush administration's position on the war in the Balkans, the United States will support a United Nations resolution to enforce the ban on Serbian flights over Bosnia-Herzegovina, according to Secretary of State Lawrence S. Eagleburger.

He also said the administration was rethinking its opposition to lifting a UN arms embargo that benefits the well-armed Serbian forces.

The warring parties in Bosnia announced Sunday that they had signed a new cease-fire. But the three sides, Serbs, Croats and Muslims, including the most recent one, signed Nov. 10. Even as the agreements were being negotiated, Serbian forces reportedly continued shelling.

President Francois Mitterrand said Saturday that France would ask the United Nations to authorize enforcement of the "no-fly" zone over Bosnia.

But the commander of UN forces in the former Yugoslavia warned against Western intervention, saying it could endanger his peacekeeping troops and wreck the aid operation.

Lieutenant General Satish Nambiar, who commands the 23,000-strong UN Protection Force, dampened enthusiasm in the United States and Europe—as well as among some of his own junior officers—for military action to stop Serbian aggression.

General Nambiar warned that intervention might cause more problems than it would solve.

He said: "The question you have to ask about military intervention is: Do we want all the things that we have accomplished to be set back?"

The chief of staff of French armed forces, Admiral Jacques Lanusse, argued that UN troops should either use force or get out of Bosnia. And after a meeting last week of NATO defense ministers, Secretary General Manfred Wörner said the alliance would do "what is necessary" if the United Nations asked for military action.

The commander of Serbian forces in Banja Luka, Bosnia, said he believed a U.S.-led military intervention was possible but warned that "any American who comes here probably won't be leaving."

"You mustn't forget, we are not Iraq," said Major General Mimir Talic, commander of the largest and strongest corps of the Serbian Army now occupying most of Bosnia-Herzegovina. American weaponry that worked in the Iraq desert will not function as well in the hills and mountains of the former Yugoslavia, he said in an interview.

As talk of possible military intervention grows in the West, General Talic and the Bosnian Serb defense minister, Colonel Bogdan Subotic, both appeared eager to signal to Washington that resistance would be fierce and that Americans "must count on this."

Mr. Eagleburger's statements came after President-elect Bill Clinton, speaking of President George Bush's policy, nudged the administration toward a new resolution enforcing the flight ban.

The secretary of state's remarks reflected the administration's seeming desire to leave with a legacy that it had done what it could to ease the Yugoslav crisis.

Mr. Eagleburger spoke to reporters en route to Stockholm, where he will meet with European foreign ministers to discuss the Balkans and other issues. He said the United States had changed its position both because the situation on the ground had deteriorated and because the administration believes that, as in Somalia, the United States cannot "simply ignore it and leave it to the next administration."

"We would like to see an enforcement resolution passed," he said, adding that he would discuss the issue in meetings in Stockholm, Geneva and Brussels. But he added, "I am not going to go in there with a baseball bat and say we are now going to go for an enforcement resolution."

As for the embargo, in recent days the State Department has drafted a memorandum that argues both sides of the question, senior administration officials said.

"The United States is prepared in these discussions this week to examine with others whether it would be wise to move away from the solid position we have all taken of a flat arms embargo with regard to the Bosnian Muslims," Mr. Eagleburger said. (NYT, WP, AP)

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400,000 Germans Rally To Protest Neo-Nazism

Compiled by Our Staff From Dispatches

FRANKFURT — In a huge show of solidarity with foreigners, more than 400,000 people demonstrated in two German cities Sunday, with a rock concert and a delight parade to protest increasing racialist violence.

The police in Hamburg said more than 250,000 people took part in an evening demonstration, lining the Old Town streets and holding candles in solidarity with foreigners and against neo-Nazi violence.

In Frankfurt, more than two dozen performers and groups strayed in two German cities Sunday, with a rock concert and a delight parade to protest increasing racialist violence.

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SOMALIA: Marines Secure an Ex-Soviet Air Base

(Continued from page 1)

Leaflets prepared by the Marines' psychological operations unit had been dropped from helicopters, urging civilians in Bari Dogle not to be alarmed by the arrival of the U.S. forces.

On the reverse side of a drawing of a Marine shaking hands with a Somali, a greeting declares that the Americans' troops have come to help the civilians and urges them to turn in their weapons for food.

The Bari Dogle base was the Soviet Union's biggest in Africa during the Cold War, when the United States and the Soviet Union were vying for influence in the Horn of Africa.

When the Somali dictator Mohammed Siad Barre began shifting his alliance to the United States in 1978 and the Soviet Union shifted its attention to Ethiopia, Moscow abandoned Bari Dogle, leaving behind a number of MIG-18 and other aircraft whose rusted remains are still parked in revetments along the taxiway.

The base was last used militarily in joint U.S.-Somali exercises in 1987, and has since deteriorated further, having been looted and stripped by gunmen during two years of clan warfare.

General Mikolajczyk, commander of the 437th Tactical Airlift Wing at Charleston Air Force Base in South Carolina, said about 1,800 meters (6,000 feet) of the north end of the 3,000-meter runway were still usable for C-130 and C-141 cargo and troop aircraft. Further engineering studies will be made to determine whether C-5 Starlifter cargo aircraft can also eventually land, he said.

"Presenters" will deliver short introductory statements intended to define a problem. Among the presenters will be Mr. Sculley, Harold Polling, chairman and chief executive officer of Ford Motor Co.; Felix Rohatyn, the Lazard Freres investment banker, and William H. Gray 3d, the former House Budget Committee chairman who is now president of the United Negro College Fund.

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CLINTON: A 'Town Meeting'

(Continued from page 1)

McCurdy of Oklahoma, chairman of the House Permanent Select Committee on Intelligence, and director of central intelligence; and Strobe Talbot, foreign affairs columnist for Time magazine, for national security advisers.

Outside the international arena, there has been speculation about the appointment of Senator Tim Wirth of Colorado as energy secretary; former Governor Bruce Babbitt of Arizona as interior secretary; former San Antonio Mayor Henry Cisneros as housing and urban development secretary; and Representative Mike Espy of Mississippi as agriculture secretary.

The economic conference, in Little Rock, Arkansas, will consist of seven roundtable discussions, each led by Mr. Clinton. Topics range from the international economy to job training, new technologies and deficit reduction.

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AMARI TRAVEL SERVICE advertisement. Includes contact information for 333 Chestnut Street, Philadelphia, PA.

UNIVERSITY DEGREE advertisement for Pacific Western University. Lists degrees in Bachelor's, Master's, and Doctorate.

TRAVEL UPDATE

The Via Veneto in Rome, once a gathering venue for the famous, has seen the closure of its last two eating places. The Café de Paris shut down last week, and on Saturday the police closed a hamburger outlet for public-health reasons.

Mr. France ground staff and some cabin crew are set to call a 24-hour strike on Tuesday to protest layoffs that the company says are mandated by the recession.

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Venezuela.
WEDNESDAY: Bahrain, Bangladesh, South Africa.
THURSDAY: Bhutan.
FRIDAY: Niger.
SUNDAY: Israel.

Sources: J.P. Morgan, Reuters.

13 Die as Storm Batters U.S. Northeast

Compiled by Our Staff From Dispatches

NEW YORK — The Northeastern United States rebounded Sunday from an unusually violent storm — two days of battering winds, stinging sleet and a blizzard that paralyzed the region.

There were at least 13 dead and perhaps as many as hundreds of millions of dollars of damage from the storm, which lashed the coast from

TRANSITION / SIGNAL FROM CLINTON

★ POLITICAL NOTES ★

Japan Cool to Clinton's Top Economic Aide

TOKYO — Japan's was a calm but decidedly cool reaction to the announcement that the Clinton administration's top economist will be a Berkeley professor known for favoring a tough line on trade issues.

Of President-elect Bill Clinton's selection of Laura D'Andrea Tyson to chair the White House Council of Economic Advisers, Noboru Hatakeyama, vice minister for international trade and industry, said: "We have not necessarily gotten the impression that she is very much in favor of free trade. So we have to carefully watch her policies down the road."

It was predictable that Tokyo's reaction to Professor Tyson, an economist at the University of California, would be less than enthusiastic. In a recent book, she took issue with the Bush administration's free-trade policies, contending that in the real world such policies are not always best because they may give unfair advantages to other countries, especially Japan, in strategically important industries.

She wrote that in some cases, Washington may need to opt for "managed" trade, which involves government control over the amount of imports and exports. And she said she favors maintaining an arsenal of tough trade sanctions.

Another Japanese ministry official said he was relieved by the selection of Professor Tyson — but only because she did not get an even more important job.

"It's better having her as chairman of the Council of Economic Advisers than as U.S. special trade representative," the official said. "Her name was brought up many times, so it seemed very likely that she would be joining the Clinton team. The post of CEA chairman is, I think, not so powerful, so this news is sort of a relief to us." (WFP)

Gore Maintains a Front-and-Center Position

LITTLE ROCK, Arkansas — At a news conference to announce his new Environmental Protection Agency administrator, President-elect Clinton stumbled over a fact and turned to Vice President-elect Al Gore, standing beside him, for help on that agency's history.

"I know more about it than I do," he remarked. "The interlude and, more importantly, that the new administrator, Carol M. Browner, was Mr. Gore's candidate, are signs that Mr. Clinton's pledge to make his vice president a serious partner in the new administration may be more than campaign rhetoric."

All presidential aspirants invariably say theirs will be a full partnership with their vice presidents. But with no constitutional role except to preside over the Senate and to break ties in the chamber's votes, a vice president has influence determined solely by the president.

Both in symbolic ways and in some of the appointment debates, Mr. Gore has played an unusually visible role. Compared to recent vice presidents, who have been mostly invisible during the transition, he has always been part of the picture.

He has been on-stage with the president-elect during key appointment announcements, including Saturday's naming of Ronald H. Brown as commerce secretary and Thomas McLarty as chief of staff.

Not only has Mr. Gore been in Little Rock for most of the private sessions in which cabinet choices have been debated and selected, his chief aide, Roy Neal, also has been there. Besides Mr. Clinton, the other members of the six-member team are Hillary Rodham Clinton, Warren M. Christopher, the transition director, and Bruce Lindsey, a top Clinton aide.

Mr. Gore has put his candidate in the top environmental job, has been credited with eliminating a candidate for a key economic job and is cited as having raised strong questions about a candidate for secretary of agriculture. (WFP)

Quote / Unquote

Bill Clinton, resigning as governor of Arkansas over the weekend: "I have been in this place many times over the last 14 years, and I must say I don't know how to do what I'm supposed to do now." (AP)

Away From Politics

• The three major U.S. television networks appear ready to change after years of criticism about glorifying violence. In an unusual joint letter sent by ABC, NBC and CBS to Senator Paul Simon, Democrat of Illinois, the networks said they would "limit the depiction of violence" in entertainment programs starting next year.

• The shortfall in U.S. employee pension funds increased to more than \$50 billion from \$40 billion in the last year, the head of the federal agency that insures pension funds said.

• The battle between Woody Allen and Mia Farrow for custody of their three children, part of an already ugly and highly publicized clash between the couple, will not be played out on television and radio when it goes to court, a judge ruled. In rejecting the arguments of broadcasters, Justice Stanley S. Ostrau cited the prospect that impending court hearings would involve an airing of Ms. Farrow's charge that Mr. Allen sexually molested their adopted daughter and discussion of the children's emotional condition.

• Breaking with tradition, Duke University has named one of the most prominent women in American higher education, Nannerl O. Keohane, the president of Wesleyan College, as its next president. When she takes office on July 1, she will become the first woman to serve as president of Duke and one of only a handful of women in the nation to have led a major research university.

• The Department of Defense has decided to tell shelters and other organizations for the homeless to get rid of more than a million blankets that the Pentagon has distributed in the last six years because some of them contain small amounts of DDT.

• Research on the eruption of Mount Pinatubo in the Philippines last year has strengthened scientific views that such major volcanic events can lead to a temporary cooling of the Earth's climate and contribute to depletion of the ozone layer.

• The bodies of eight men killed in Virginia's worst mining disaster in 32 years have been removed from a shaft in Norton after they were killed in an explosion.

• Insured loss from the hurricane that struck Florida and Louisiana in August will probably reach \$15 billion to \$16.5 billion, more than twice the original estimate, according to A.M. Best, a leading U.S. insurance rating agency. A survey of 230 insurers found that many underestimated how severe the average claim would be because they failed to understand how extensive the destruction was. (L.A. Times, NY, AP)

Ex-Treasury Chief Predicts 'Dynamic' Action to Lift Economy

By Barry James

PARIS — W. Michael Blumenthal, the former U.S. Treasury secretary, calls President-elect Bill Clinton's choice of economic aides a strong signal that the new administration intends tough action on the budget deficit.

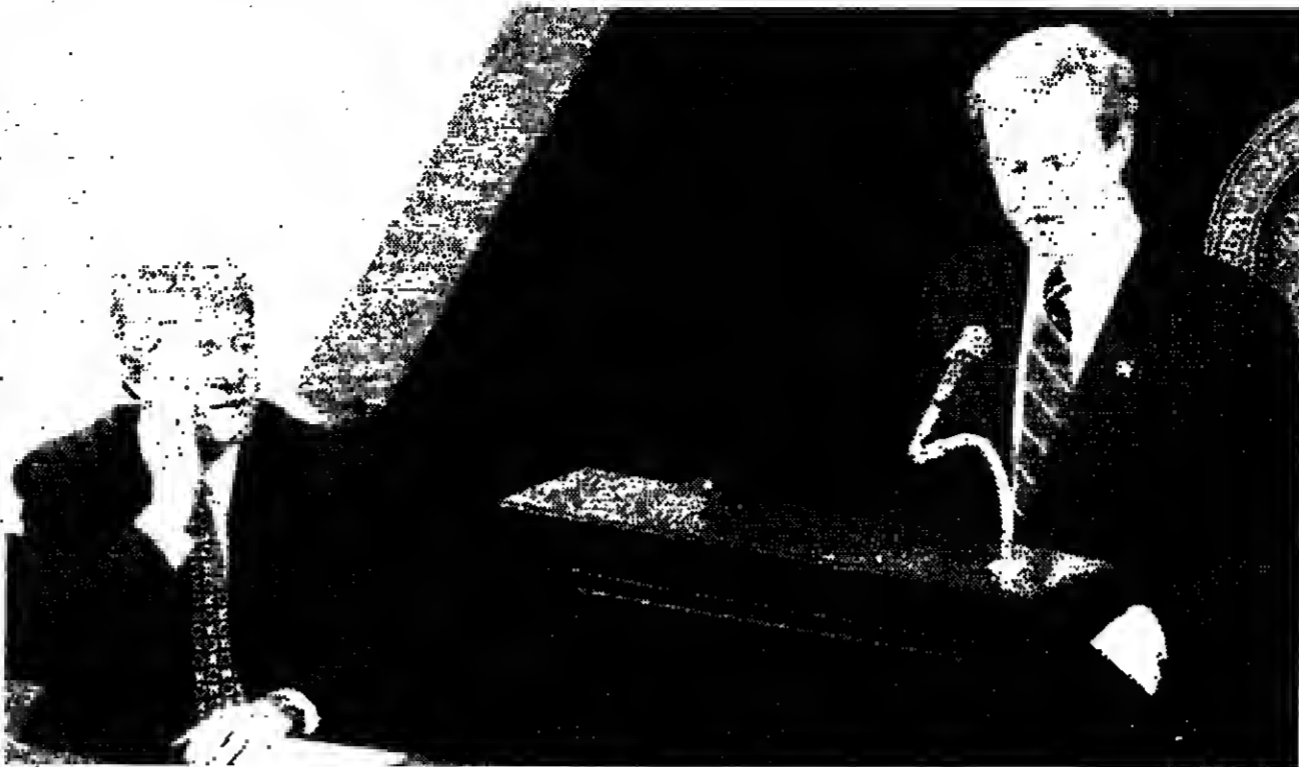
"These are all practical, pragmatic people, with a middle-of-the-road conservative bent," he said in an interview. "They are on record as feeling strongly that we must solve the deficit problem if the future growth and stability of this economy is to be ensured."

Mr. Blumenthal, a limited partner with Lazard Frères & Co., said the newly created National Economic Council would be responsible for strategic thinking about long-range economic direction.

He said the appointment of Robert B. Reich as labor secretary was an indication that the administration also intends to focus on infrastructure spending, "including, importantly, training and development of the labor force."

Mr. Blumenthal added that the new economic direction would be appreciated by foreign governments, long concerned about the budget increases and the fact that the U.S. economy did not seem to be working.

"The new policies indicate that the administration is going to work in a dynamic and intelligent way on the fundamental problems, which means that the U.S. economy will



An emotional President-elect Bill Clinton watching as Lieutenant Governor Jim G. Tucker accepted the position of governor of Arkansas after Mr. Clinton resigned from the post. The ceremonies were held at the Arkansas state capitol in Little Rock.

be healthier, will grow better," he said. "That means the United States will be a better market for foreign products. And because the United States politically is an im-

portant factor in the world this is important, since we cannot be strong politically if we are not strong economically."

Mr. Blumenthal, who negotiated the Kennedy Round of the General Agreement on Tariffs and Trade, said it was unlikely that the European Community would get a better deal on an international

trade agreement by waiting for the Clinton administration to take office. He said that he hoped that as much progress as possible would be

made before the inauguration "because necessarily the new administration is unlikely to be able to go to work on these matters the very next day."

"My own experience indicates to me that delay increases the risk of some kind of backsliding if not unraveling," said Mr. Blumenthal, who was President Jimmy Carter's first secretary of the Treasury.

"As these long and arduous negotiations come to a close," he said, "there will always be voices on each side saying 'Let's wait and try to get a better deal.' That is a formula for real trouble because the longer you delay, the more difficult it becomes to get a deal. It's been six years now and I do not believe that the European negotiating partners are going to get a better deal in April than they are going to get in December. That assumes that the Clinton administration is going to give something in concessions that the Bush administration was unwilling to do, and I think that is just totally unrealistic."

Mr. Blumenthal said the choice of Senator Lloyd Bentsen of Texas as Treasury secretary and Representative Leon E. Panetta of California as budget director was proof that Mr. Clinton intended to work closely with Congress to achieve rapid action on the economic front.

"To have that kind of bridge, as represented by Mr. Bentsen and Mr. Panetta, is the best possible guarantee that he can achieve cooperation," Mr. Blumenthal said.

Pentagon Protests U.S. Sale of Engine Technology to China

By R. Jeffrey Smith and Dan Southernland

WASHINGTON — The Bush administration plans to allow a sale to the Chinese military of U.S. technology that China needs for jet engines to power both its own training aircraft and a Chinese ground-attack bomber that will eventually be exported to Pakistan, according to American officials.

The proposed sale of the engine technology has provoked protest at the Defense Department, where some analysts and military officers said the jet engines and associated equipment would enhance Chinese military capabilities and could be

diverted to power Chinese cruise missiles carrying chemical, nuclear or biological weapons.

The sale is also opposed by the Arms Control and Disarmament Agency, officials said. But it was recently approved by the Commerce Department, which concluded that the engine technology was not sophisticated enough to be restricted by laws governing U.S. exports of military-related equipment.

The administration's internal dispute surfaced amid last-minute jockeying over details of the agenda for a planned visit to Beijing starting Wednesday by Commerce Secretary Barbara H. Franklin and other senior American officials.

The announced aim of Ms. Franklin's trip is to advance U.S. business relations with China and to put into effect a recent U.S.-China agreement to lower Chinese trade barriers against American exports. Ms. Franklin also intends to discuss an earlier agreement on the protection of U.S. intellectual property in China and to reconvene the Joint U.S.-China Commission on Trade and Commerce, according to aides.

The commission's activities, as well as many U.S.-Chinese commercial ties and all direct sales to China of U.S. military equipment, were suspended after the Tiananmen Square crackdown on Chinese dissidents in 1989. But one official

said an unstated goal of the trip was to signal to the Chinese that the United States wants to continue rebuilding strong commercial relations, despite concerns about China's human-rights policies and Washington's recent approval of the sale of up to 150 U.S. F-16 fighter planes to Taiwan.

The jet engine technology is meant to be used by the Chinese military from the outset. A spokesman for the manufacturer, Allied-Signal Propulsion Engines, said the deal, valued at roughly \$500 million, called for 300 to 700 engines to be installed in Chinese Air Force two-seater training aircraft and possibly in more capable military aircraft that China intends to ex-

port to Pakistan.

Officials of several U.S. agencies said they believed the engines could be used with only minor modification in cruise missiles produced and exported by the Chinese military. They also said one of the buyers was a Chinese factory that makes other military missile systems and gas turbines.

But William Dippel, a spokesman for the Allied-Signal company, called the diversion scenario "very far-fetched" and said that "it would be cheaper to design a cruise missile from scratch" than modify the engines in question.

Ms. Franklin's trip has raised eyebrows among some China experts inside and outside the administration because it comes less than seven weeks before such key trade and foreign policy decisions will be turned over to President-elect Bill Clinton and his aides.

Mr. Clinton indicated during the

presidential campaign that he would be more reluctant than President George Bush to support U.S. high-tech trade with China until Beijing improves its human-rights record. As a result, some officials have speculated that Ms. Franklin is under pressure from U.S. business interests to complete as many deals as possible with Chinese authorities before Mr. Clinton takes office Jan. 20.

Commerce Department officials said earlier that the Clinton transition team was not informed of Ms. Franklin's trip to China before it was announced.

Her trip comes at an awkward moment for the administration for another reason: U.S. intelligence experts recently detected what one official described as "very strong circumstantial evidence" that Beijing might have reneged on its promise last year not to sell medium-range M-11 missiles to Pakistan.

Weinberger's Election-Eve Indictment Dropped

By David Johnston

WASHINGTON — A federal district judge has thrown out a one-count indictment against former Defense Secretary Caspar W. Weinberger that was brought four days before the presidential election and created an uproar when Republicans charged that it had contributed to President George Bush's defeat.

In his ruling, the judge, Thomas F. Hogan, said the new charge violated the five-year statute of limitations in the Iran-contra case and improperly broadened the original indictment against Mr. Weinberger that was filed in June.

The one-count indictment was returned by a grand jury on Oct. 30.

"The scope of the case has not changed," said Mary Belcher, a spokeswoman for Lawrence E. Walsh, the Iran-contra prosecutor.

But Mr. Weinberger's lawyer, Robert S. Bennett, said the ruling changed the nature of the case by eliminating a central charge against him. "It knocks out the heart and soul of their case, and all that left are some minor capillaries," Mr. Bennett said.

Mr. Walsh's congressional critics cited the judge's ruling as another defeat for Iran-contra prosecutors in their tangled, nearly six-year prosecution of the arms sales to Iran and the diversion of some of the profits to supply arms to the Nicaraguan rebels. "This is the latest failure by Lawrence Walsh's high-cost, low-result crusade against Republicans," said Bob Dole of Kansas, the Senate minority leader.

Mr. Weinberger still faces four felony charges based on his notes that accuse him of lying about the affair.

The new indictment had accused Mr. Wein-

berger of making a false statement when he told Congress in 1987 that he did not keep regular notes about his activities at the Pentagon when, in fact, the indictment said, he took thousands of pages of diary notes in office.

The indictment ignited a furor because it quoted a previously undisclosed entry in Mr. Weinberger's diary that sharply contradicted Mr. Bush's contention that he did not realize until after the Iran-contra affair was disclosed in 1986 — that the weapons sales to Iran were an arms-for-hostage deal.

Coming on a Friday before a weekend of last-minute campaigning, the indictment was played prominently in news reports. Mr. Bush was repeatedly asked about the issue and following his defeat, supporters singled out the indictment as the event that damaged him most in the final hours of the race.

Oxford Cheers, Just a Bit, Over Success of Alumnus

New York Times Service

OXFORD, England — Oxford University, the sort of place that resists enthusiasm, is allowing itself to indulge in a bit of interest in Bill Clinton. It has welcomed "the election of the first Oxonian to the presidency of the United States of America" and noted his ascension to a "long list of world leaders who have studied at the university."

It is unlikely that Mr. Clinton ever entertained delusions of wild Oxford celebrations in his honor. When he returned to his alma mater after being elected governor of Arkansas, the college porter intoned, "I hear you've become king

of a place with two men and a dog." One of Mr. Clinton's tutors at Oxford, Sir Maurice Shock, is said to have remarked that Mr. Clinton would never have become governor of "a very serious state."

But since the presidential election, the college has found reasons to shed some of its reserve.

Professor John Albery, master of University College, declares himself "totally delighted" by the election of an alumnus as president of the United States.

Oxford also feels that the victory settles a score. "George Bush tried to make Oxford a dirty word," Mr. Albery said.

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AMERICAN TOPICS

Are You Heading for a Fall? Take Steps to Foolproof Home

This year in the United States, more than 280,000 people will suffer hip fractures. Three-fourths will be women, and 87 percent will be 65 or older. For half, the fracture will require a prolonged or permanent need for nursing-home care or assistance at home.

Hip fractures can also kill. Different studies show that as many as 27 percent of those who require surgery for hip fracture die within three months. Death can result from complications related to the injury, the operation itself or the prolonged recovery period. For those who survive, long rehabilitation is required. Even then, many continue to require a walker or a cane.

Now, the American Academy of Orthopedic Surgeons has begun a campaign to prompt people to reduce their risk by proper diet and exercise and by foolproofing their surroundings. All living areas should be well lighted, with switches at room entrances. Install night lights along the route from bedroom to bathroom and keep a lamp and a flashlight next to the bed.

Stairways and steps should have sturdy handrails on both sides. Avoid dark or patterned carpeting on steps and mark the top and bottom steps with brightly colored tape.

The bathroom should have grab bars. Rubber-backed carpeting can help prevent slips on wet floors. Eliminate loose throw rugs and mats. Use portable telephones rather than long phone cords that can be tripped over. Furniture should not protrude into natural walkways.

Short Takes

The prices of antique cars have fallen roughly 20 percent since the boom years of the late 1980s, the Los Angeles Times reports. Chevrolet's 1968 L-88 Corvette sports coupe sold for \$6,500 over. Five years ago it fetched about \$100,000. Today, that is down to \$67,000. So now, experts say, is the time to buy. But, they add, learn about the market, then buy a car because you like it and believe it will appreciate in value, not because it is trendy or exotic.

A judge's lot is not a happy one. Stella Schindler, a family court judge in New York City, writes in The New York Times. "Sitting all day is exhausting," she says, and she has gained 15 pounds (6.8 kilograms). Colleagues and friends often don't know how to treat you; "wearing the robe is sometimes tantamount to taking the veil." Lawyers and litigants laugh too hard at your jokes. But "there are few comparable jobs that allow you to do what you believe is right. Everything you do makes a difference. I can change a child's life and direction, give voice to people who have no other forum and insure that rights are protected. If I could find a way to lose those

15 pounds it would be the best job in the world."

Linda Mutchnick of Bensalem, Pennsylvania, who carries a gun as a paralegal, has designed a line of women's clothing to accommodate weapons. She said she was driven to this by tight jackets that showed the bulge of the gun, and by waistbands too flimsy to hold a weapon. She advertises, "Finally, there is a line for firearm-capable women's apparel that is functional, form-fitting and fashionable." Her line features unusually roomy jackets and vests and heavily reinforced waistbands and skirts, strong enough to support a gun.

Alerted by passer-by, policemen in Lily, Pennsylvania, closed in on a gunman in a video shop only to discover that he was a lifeline cardboard cutout of Denzel Washington holding a pistol to promote his recent film "Ricochet."

About People

Pierre Salinger, ABC's chief foreign correspondent and former press secretary to President John Kennedy, recalls that after the Bay of Pigs disaster, Mr. Kennedy publicly took all the blame. Soon after, a Gallup Poll showed that he had about 80 percent support of the American people. The president called Mr. Salinger into his office and said: "Did you see that poll this morning? I hope I don't have to keep doing stupid things like that to remain popular."

Arthur Higbee

OPINION

Herald Tribune

Disarming the Thugs

Americans take quiet pride in the army they have sent to help relieve Somalia...

Dark Days in Moscow

Pro-reform Boris Yeltsin, elected democratically, tried to work out a compromise with Russia's substantially anti-reform Congress...

Clinton's Managers

Bill Clinton's announcement of four more high-level appointments on Friday made it clear that he intends to run a problem-solving administration...

Other Comment

India's economic problems are huge and P. V. Narasimha Rao, by not being firm enough soon enough in the Ayodhya affair...

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER

LEE W. HUEBNER, Publisher JOHN VINCIGUERRA, Executive Editor...

Never Again? Beware, Europe, Cynicism Is Contagious

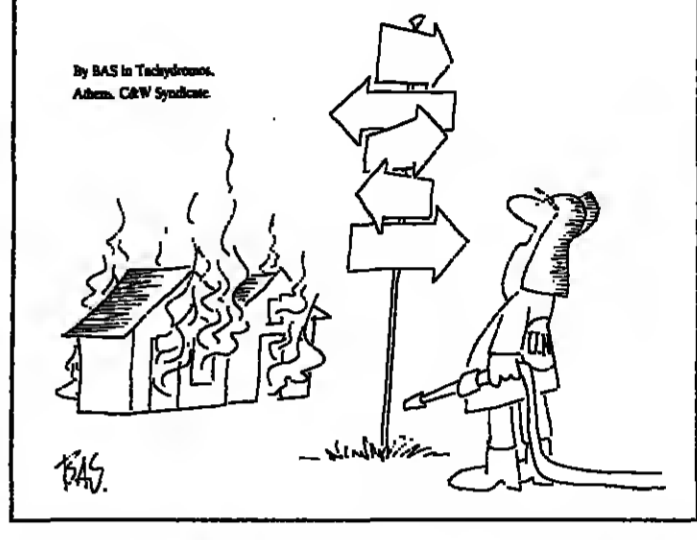
By Leslie H. Gelb

NEW YORK — The day will soon come when two groups of leaders are charged with crimes against humanity in Bosnia...

Empty Threats Won't Stop Milosevic

By Jim Hoagland

WASHINGTON — George W. Shultz is a man of very few words. A former staffer describes the effect when Mr. Shultz was abruptly named to replace Al Haig as secretary of state in 1982...



Vicious Rape, Planned and Systematic

By Slavenka Drakulic

ZAGREB, Croatia — What is happening in Bosnia-Herzegovina to Muslim and Croatian women seems unprecedented in the history of war crimes...

Better to Steer Clear of the Balkans

THE only way to bring peace to Yugoslavia is to send soldiers there. These soldiers in effect will have to hold guns to the heads of the combatants...

Trying a Powell Doctrine in Somalia

WASHINGTON — Somalia is Colin Powell's operation. As much as anyone, he is its author as well as its executor. He made it happen by endorsing a new post-Cold War mission of peacekeeping and humanitarianism...

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Russia and Rome ROME — Relations between the Vatican and Russia have become extremely cordial. The visit of the Grand Duke Sergius to Leo XIII was a symptom of this friendship...

OPINION

Humanitarian Intervention Has Its Hazards

By Henry Kissinger

NEW YORK — In light of the wave of approval for the dispatch of American combat forces to Somalia, it may seem churlish to voice reservations. The objective is noble and some kind of international action is appropriate. What is questionable is the timing and the unilateral nature of the American role in a continent heretofore free of American military presence.

Normally, one would not expect an enterprise with such potentially long-term consequences to be launched in the last five weeks of a presidency. The president-elect is as yet without a national security team to help him make his own assessments. His entourage has been careful to note that although he is "supportive," he did not participate in the actual decision. He will therefore inherit commitments that he has had no part in shaping — not the ideal circumstance for a sustained effort should anything go wrong.

It is unlikely that the mission assigned to the expeditionary force can be accomplished as quickly or as smoothly as administration briefings have asserted. According to General Colin Powell, the Pentagon envisages a two-phase operation: First, the U.S. forces are to create a secure environment, then a multinational United Nations force will protect it. That first stage could be prolonged.

One must hope that the forces described as bandits in the media do not keep abreast of American public discussion. They may decide to lie low, neither harassing nor disarming, hide their weapons or take sanctuary in Ethiopia and face America with the dilemma of withdrawing prematurely or continuing what may then be an open-ended commitment. To escape this dilemma, the U.S. force will almost certainly try to force the various armed groups to disarm — as some administration spokesmen have already indicated. This could turn into a messy affair with significant casualties, especially on the Somali side.

When blood has been shed, support for the American military action may evaporate, especially in Africa. Former colonies have developed an allergy to anything that smacks of the "civilizing role" that European empires claimed for themselves on African soil. As difficult as establishing the dividing line between the security function and its follow-up will be making the crucial distinction between humanitarian efforts and the civil conflict over who controls Somalia. Civil wars are about the distribution of power, physical and political. The process of disarming will by definition affect the relative position of key competitors for political power — as we have learned again in Cambodia.

Should disarmament go as planned, some sort of governing structure possessing preponderant power must be left in place. All this obliges the United States to understand Somali conditions well enough to manage the situation in a way capable of achieving an international, especially African, consensus. But can Americans possibly know enough? And if the key challenge is

political, why should America choose to play that role alone or be the only country to run significant military risks?

Intervention in the civil conflict seems inherent in the U.S. role. Food will have to be distributed, a process in which some groups of Somali officials must be involved. These will automatically receive an edge in establishing political domination afterward.

Once media and other observers descend on the scene, they are certain to find conditions deeply offensive to the Western sensibility. They will urge a whole variety of initiatives, from ending corruption to the administration of justice, that make eminent sense in the Western context. None can be accomplished without greater intervention. Sooner or later, no matter how well-intentioned, such conduct will begin to grate on African sentiments that in turn will tend to undermine domestic American support for the operation.

If the Somali bandits are so poorly armed, why was America's technological and military superiority so crucial? The United States may be the only country with sufficient modern equipment for rapid intervention, but this, involving mostly transport, could have been put at the disposal of other countries.

Since reform depends on moral issues which are presumably of universal validity, why were no other countries involved in the first and most complicated phase, in particular the Organization of African Unity? The Bush administration would have been far better off to gear the intervention from the beginning to what is now conceived as the second-stage multinational force.

The Bush administration would have been well advised to sacrifice some military efficiency to wider political backing, but two factors inhibited it: the new Pentagon approach toward military intervention which says that never again must American military power be vitiated by political restraint; and another new philosophy that differentiates between humanitarian and strategic intervention.

The military view that, once employed, American force must be overwhelming reflects the supposed lesson of Vietnam. It has much merit, but it must also be said that in Vietnam the military contributed to their own frustration by a misconceived military strategy.

In any event, the lessons of Vietnam or Korea cannot be transposed literally to humanitarian intervention. In a strategic war there is a concrete enemy, and victory has some fairly precise definition. In Somalia the enemy is more elusive: hunger and chaos, the solution to which has a much longer time frame.

In Vietnam, American military effectiveness was reduced by domestic and international inhibitions; in Somalia the risk is the opposite — turning a humanitarian enterprise into an essentially American military effort disconnected from political realities.

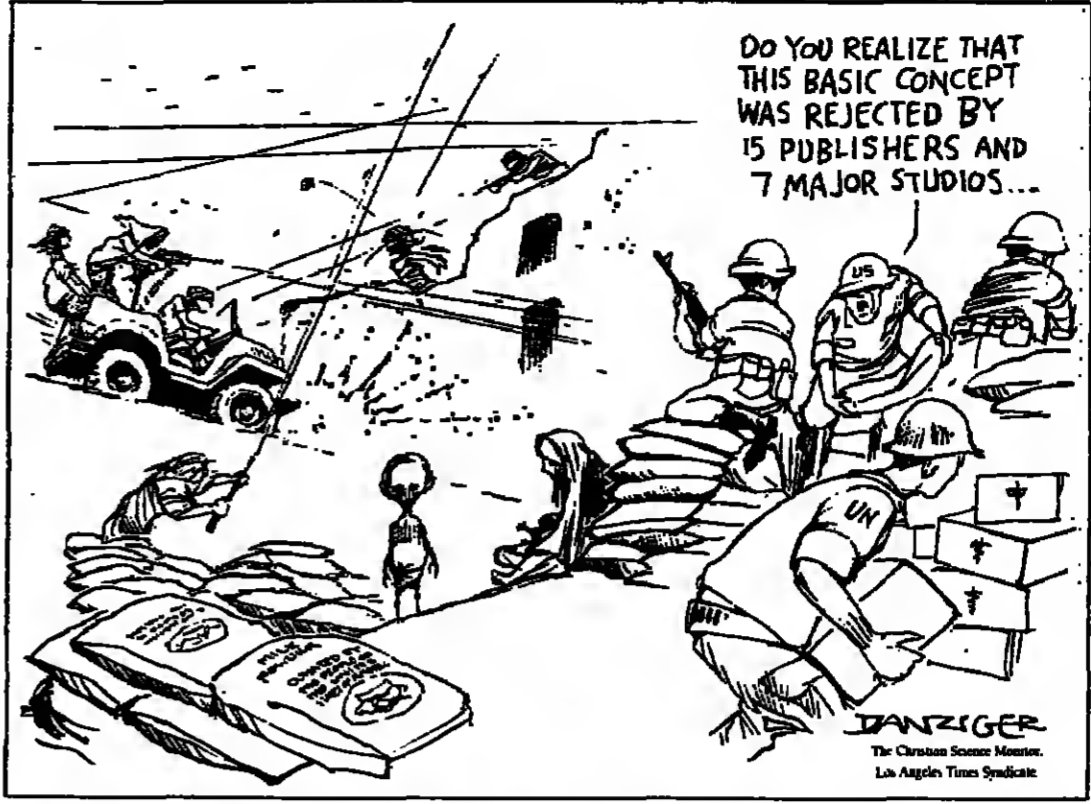
The new doctrine of "humanitarian intervention" is based on the proposition that, the end of the Cold War having removed the strategic threat, traditional military operations become much less important. Moreover, so the argument goes, excessive concern with security led to strategic overextension and an illusion of American omnipotence. Therefore in the post-Cold War world the United States

would be well advised to fight primarily for humanitarian and moral values, and not simply for its own interests.

In fact, moral purpose has been an integral part of the motivation of every American war in this century — from the "war to end all wars" in 1917, to resisting totalitarian evil in World War II, to the fight against Communist aggression in Korea and Vietnam. From Woodrow Wilson through George Bush, the altruistic aspect of American foreign policy has been a dominant presidential theme. The new approach claims an extension in the reach of morality, not in the significance attached to it.

We must not pretend that America fights where it has no strategic interests. Whenever American lives are at stake, so is a conception of vital interests — or else the sacrifice mocks the anguish of bereaved families. The world of the '90s demands of America a new definition of vital interest, strategic as well as moral. In the traditional world of geopolitics, there is no longer a danger of an immediate, almost measurable peril. But there remains the historic danger of a gradual transformation of the security framework through a cumulative series of steps, none of which will appear individually as overwhelming as the threats of the Cold War were.

In Kuwait the United States resisted because George Bush concluded that the consequences of submission would ultimately lead to far greater American sacrifices. As the '90s progress, comparable judgments will be increasingly required on as yet unforeseeable issues. If the United States wants to avoid the extremes of overextension or abdication, it must develop new criteria separating challenges affecting American well-being



and security from those which, however unpalatable, cannot have that impact. "Humanitarian intervention" asserts that moral and humane concerns are so much a part of American life that not only treasure but lives must be risked to vindicate them; in their absence, American life would have lost some meaning. No other nation has ever put forward such a set of propositions. The more abstract nature of humanitarian intervention therefore involves an

even greater danger of overextension and of assuming the role of world policeman. For if it is appropriate to use American forces for humanitarian purposes in Somalia, why not elsewhere? The American foreign policy trauma of the '60s and '70s was caused by applying valid principles to unsuitable conditions. Care must be taken not to repeat the same tragedy in the '90s with a wider set of equally important principles. Americans must not seem to be claiming

for themselves a doctrine of universal unilateral intervention, all the less so as they cannot want to encourage some future rogue nation to decide to use the slogan of "humanitarian intervention" for expansionist designs.

Moral claims can be asserted as a national prerogative only at the cost of long-term domestic and international support. It will be difficult to persuade the American people indefinitely that they have a greater responsibility for starvation in Somalia than the European nations and those of Africa itself. These must be prepared to help by providing political backing and military forces. American unilateral intervention should occur only when all alternatives for genuine international action have been exhausted, and if the cause permits no other remedy.

Even then, American military actions cannot be successful or sustainable if they are divorced from political realities. With respect to Somalia, this leads to three conclusions:

- Unilateral American security operations should be terminated rapidly.
 - The first- and second-stage military commitments in Somalia should be merged from the beginning, with the American component reduced to reasonable proportions within a short, fixed time frame.
 - The political aspect (anything bearing on civil administration) should be internationalized quickly and fortified with a significant African component.
- More than two decades ago, while I was discussing extraction from Vietnam with an acquaintance, he told me the story of a Russian peasant who came running into his village to get help for a man stuck up to his ankles in mud. When told that this did not sound too serious, he replied, "But he dived in head first."

Vietnam, Lebanon, Gulf — but Does Anybody Remember Munich?

By William Pfaff

PARIS — Policymakers think in metaphors, and for American interventions abroad the metaphors are few: Vietnam, Lebanon, the Gulf. Each is supposed to supply something useful in making decisions about Somalia and Bosnia — or Azerbaijan-Armenia, Cambodia, Burma, Sudan, Liberia, not to speak of Mozambique. Now the United Nations secretary-general, Boutros Boutros Ghali, has asked for troops to put up the United Nations colors and keep the peace in Macedonia.

Consider the metaphors. For Americans, Vietnam means irresolvable entanglements in another country's violent internal political struggles (or its revolution). Lebanon means the same thing, except that the internal conflict was religio-political this time, and the United States put itself into a situation where four other uncontrollable actors determined what would happen: the Palestine Liberation Organization, Israel, Iran and Syria.

The rationale for the intervention in Vietnam was to save South Vietnam from Communist aggression. Unfortunately, there was no aggression; there was insurrection. North Vietnam was not a foreign power; it was that part of the Vietnamese nation which had first expelled the foreigner. China had no decisive role in Vietnam, contrary to what stubbornly was insisted in Washington. The lesson that ought to have been learned was not to think ideologically.

The Gulf War was a clear case of aggression. U.S./UN intervention reversed the aggression, even if the aggressor regime comfortably survived. The lesson confirmed at the Pentagon was always to use overwhelming force, and the lesson drawn at the White House was not to stop before overturning the aggressor government. However, the reason the United States did not go on to try to impose its will on Iraq's political society was that the White House had learned the lessons of Vietnam and Lebanon.

No sensible operational rationale was ever offered for the American intervention in Lebanon in 1983, which produced the death of 241 marines at the hands of Islamic fundamentalists. The lesson the military learned from the experience was never to permit their security to depend upon others, and always to demand clear-cut objectives.

The latter are not always available, however. The American objective in Somalia is to "restore hope." What does this mean in tons of food delivered, medicines administered, roads opened (to be kept open), clansmen disarmed, infrastructure restored? How will restored hope last beyond Jan. 20 if the United States or the United Nations do not recreate some kind of Somali political authority?

And how is that to be done? The Somalia problem is anarchy. Starvation is due to chaotic clan conflict. The situation bears a superficial resemblance to Lebanon, but a misleading one in that the Lebanese factions all were purposeful, disciplined and rational within their own terms, and none of this is true for the Somali clans.

The United States has intervened in the belief that it can deal with the starvation and ignore the anarchy. This is unlikely to prove to be true.

The other African societies that are candidates for intervention are in much the same condition of political and social breakdown. People are hungry. They need government, police and public order, reconstructed economies and agriculture. Mr. Boutros Ghali is one of the few who are interested.

Elsewhere, atrocious crimes invite intervention: "ethnic cleansing" in Bosnia and Croatia, and the beginnings of it elsewhere; Saddam Hussein's war on Kurds and the Shiite Marsh Arabs of Iraq; governmental persecution of tribal and political minorities in Burma, etc.

New aggressions await rectification. Serbia's invasion of Croatia and Bosnia-Herzegovina, sites each had been duly recognized by the international community, was little different from Iraq's invasion of Kuwait. New acts of international aggression appear to be imminent in the Bal-

kans. Why is the lesson of Munich not respected? The thing about lessons from the past is that they can be used to justify inaction more readily than action, since the past is complex and its contradictions are apparent. The lessons of Vietnam and Lebanon are of the frustration or defeat of interventions. That of the Gulf is of an intervention's limits. But another lesson, not least that of World War II, is of the terrible consequences of inaction and the evasion of responsibility.

America is in Somalia because it does not wish to be elsewhere. Americans have persuaded themselves that it is an easy case for intervention. It is true that decisions concerning military interventions cannot be made in terms of universally valid principles. There are important issues of physical and political practicality, as well as of simple prudence. There is a limit to what can be done for others.

However, the limits currently observed in the United States, and in the West as a whole, seem exclusively those determined by domestic political advantage and the desire to avoid political risk. This is not pragmatism but a form of moral as well as political abdication. And it is precisely for this that history eventually imposes a sanction, a terrible one. That is the final lesson.

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1992

The World's Rendezvous
With Europe

The Single Market

Thirty-Second in a Series

EC Unity / The Way Ahead

A Major Milestone
On a Lengthy Road

"The completion of the Internal Market Program in seven years constitutes a remarkable achievement," says a statement by two of the EC commissioners most responsible for the success of the project, Martin Bangemann and Karel van Miert. "Yet," they add, "January 1, 1993 is not simply a finishing line. It is rather a signpost to the way ahead."

It is an incomplete triumph. One takes a train from Paris to Brussels without producing a passport or meeting a customs official, but arriving by air in Britain is a different story. There are many things to be tidied up — both technical matters, like the level of value-added tax on precious metals, and emotional issues like the import of pets into Britain or the famous German banana issue.

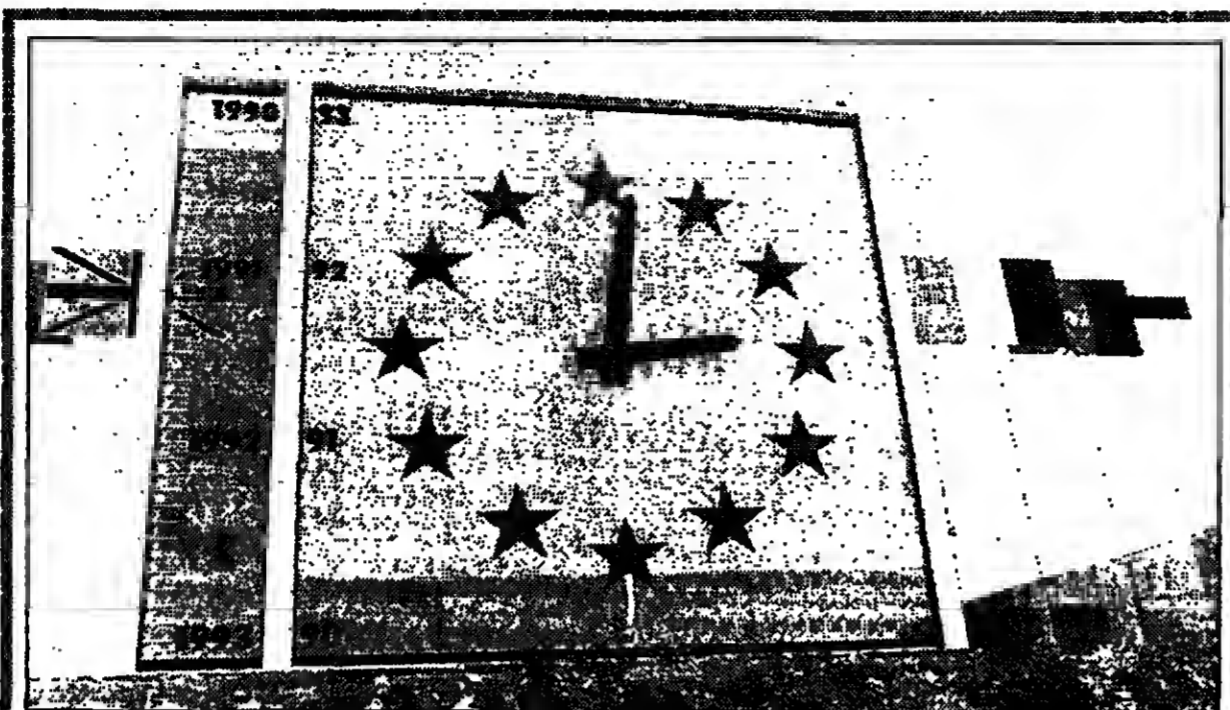
But there is no doubt that the mechanism is in place. Before the Edinburgh summit, 92 percent of the legislative program had been completed, and it was expected to reach 95 percent by the end of the year — a vast body of legislation that has been described as the biggest democratic law-making program in the history of civilization. The Edinburgh summit last week had a right to be self-congratulatory as well as a need to make sober and careful plans for the future.

Nor is any there doubt about the single market's welcome from industrialists and business people who deal in and with Europe. "What has been achieved is truly remarkable," says Julian P.R. Oliver, chairman of the EC Committee of the American Chamber of Commerce. "It will make life easier for us in many respects."

These accomplishments have not come without some sour notes. "In many respects, there will not be a single market on January 1, 1993, or for a very long time afterwards," says a statement by the consumers' group BEUC (Bureau Européen des Unions de Consommateurs). The group is worried that the rights of consumers are inadequately protected. "There is a danger that the single market will develop as a single market for producers and suppliers," it says. These criticisms are being contested.

The commission itself, in a progress report issued in September 1992, has no doubts. "It is fair to say, in view of the decisions already in force, the economic framework for the single market is now in place, with people, goods, capital and services able to move around freely either on the basis of harmonized or common rules or on the basis of mutual recognition." The report adds that the changes have "permitted a fundamental modernization of the environment for companies favorable to their competitiveness on the European and overseas markets" and that the changes

Continued on the following Pages



1992: The Culmination of a Series

The plan for an integrated European market by the end of 1992 was "one of the boldest and most far-reaching socio-economic experiments in modern history," according to an article published on March 25, 1988 in the first of the International Herald Tribune's series of advertising sections on "1992 — The World's Rendezvous With Europe."

This is the 32nd installment of the series. Over the past five years, numerous interviews with leading European personalities and articles by a variety of journalists have

detailed how that original inspiration has become a reality.

In that first section, Jacques Delors, the driving force behind the birth of an economic unit serving more than 320 million people, described in an interview the beginning of the idea. "It came following a trip to all EC capitals in the late summer of 1984," he said, adding that it became a priority "because it is a pragmatic concept, realistic and manageable."

It was also hugely complicated and beset with difficulties. A glance through the headlines in-

dicates that there was a continuous awareness that things were not going altogether smoothly — but that things were nonetheless moving forward.

"Do or Die Decade for EC" (April 26, 1988). "Taxes and Tariffs Mar Visions of Unity" (Oct. 8, 1988). "R&D — Can Competitors Work Together?" (May 26, 1989). "EC Bares Teeth in Move on Airline Monopolies" (Jan. 14, 1989). "Political Issues Could Hinder Integration" (Sept. 25, 1989). "Slow, Steady Progress in Implementing Directives" (Nov. 6, 1989). "Media Strive to Capture the Mes-

sage of Change" (Dec. 14, 1989). "Struggle for Accord on Monetary Union" (Sept. 24, 1990). "Software Copyright Law: Still Some Incompatibility" (Mar. 14, 1991). "Monopolies: Slowly but Surely, the Monoliths Crumble" (May 13, 1991). "Dread and Anticipation: Banks Size Up Regulations" (Sept. 23, 1992). "New Technologies Key to EC Markets" (Oct. 12, 1992).

In this, the final section of the series, we seek to sum up where the long-awaited single market stands on the eve of its inception.

K.M.

Interview / Jacques Delors

One Man's Vision
Becomes a Reality

Jacques Delors, president of the EC Commission, outlined his views in the first installment of the 1992 series published on March 25, 1988. Now, with the completion of the series, he sums up his accomplishments, regrets and hopes for the future in an interview with Axel Krause, corporate editor of the International Herald Tribune. Following are excerpts from the interview which, like the first, was conducted in French in his Brussels office:

With regard to the single market plan, what, concretely, will happen at midnight, Dec. 31, 1992?

It will not be a big bang. The realization of the borderless market has been under way, progressively, since 1985. Nevertheless, at the data you indicate, we will have attained the quasi-totality of our goal — 95 percent of the legislation proposed will have been adopted, and 75 percent of what we had originally proposed transformed into national legislation.

As you look back to January 1985 and the launching of the plan, what have been its biggest achievements?

We had eight years of uninterrupted dynamism in the building of European unity. What was decided in 1985 — the single market — was applied. Financial resources to make it happen also were mobilized.

We were able to instill a sense of cohesion, and parallel growth, between rich and poor regions.

What does that mean?

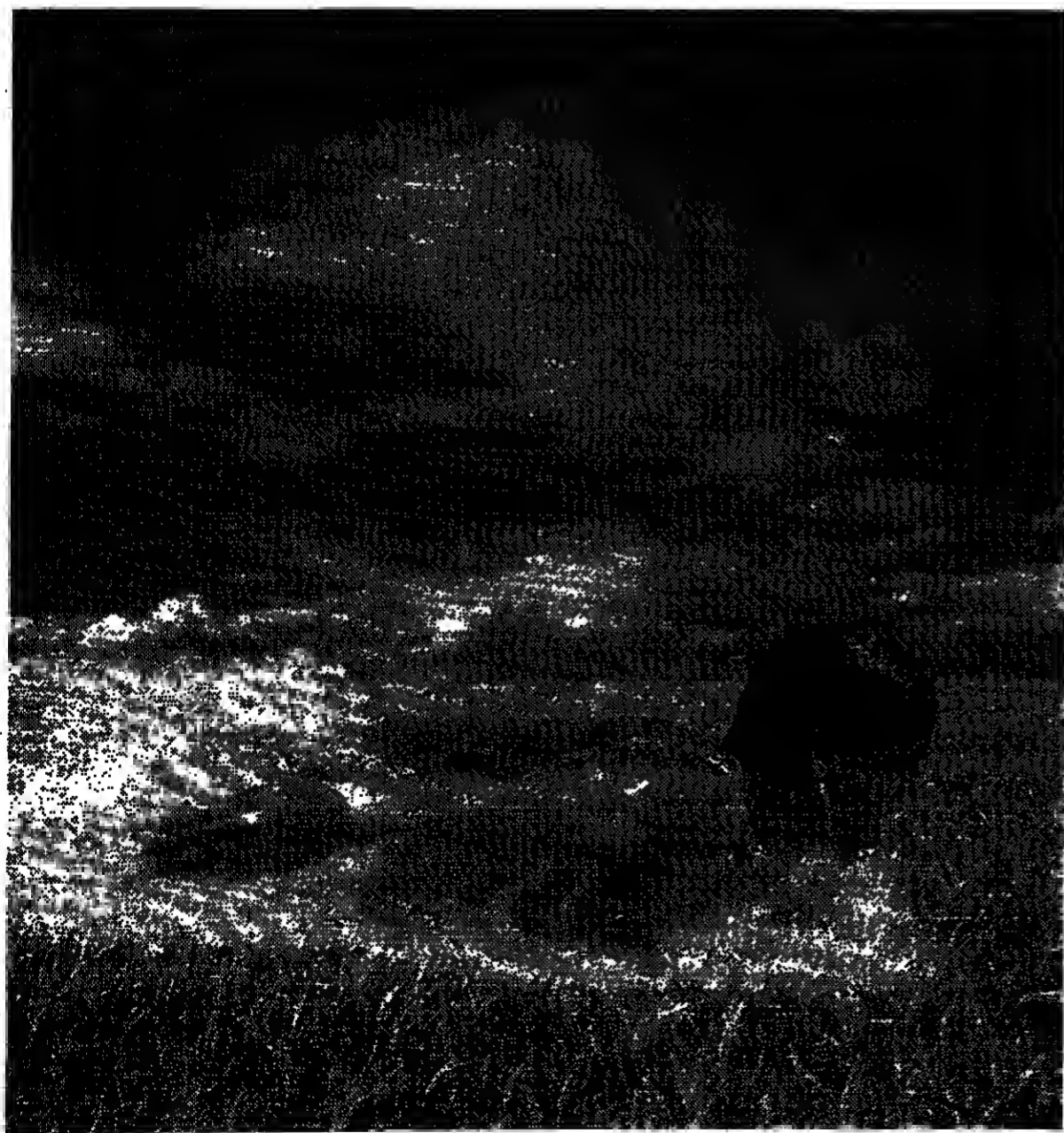
The four EC countries that are the least developed economically — Spain, Portugal, Ireland and, to a lesser degree, Greece — had a rate of development higher than the EC average. In addition, Eurosclerosis has receded; the cooperation between our companies has been fostered and achieved, even though it is still insufficient.

Yes, but currently most EC member countries are in virtual stagnation or recession. Do you agree, as some argue, that Europe's growth prospects have dimmed because of the EC 1992 program?

Not at all. The world has become far too interdependent. We can no longer live and reason as we used to. Today, a slowdown in the American economy has far more impact internationally than 20 years ago. The European recession is due to three factors: the world economic environment, the costs of German reunification and the fact that we, as Europeans, are not yet competitive enough.

When we look at some of the problems still facing Europe — the ratification of the Maastricht treaty, violent tensions stemming from agriculture, GATT, x-

Continued on Page 10

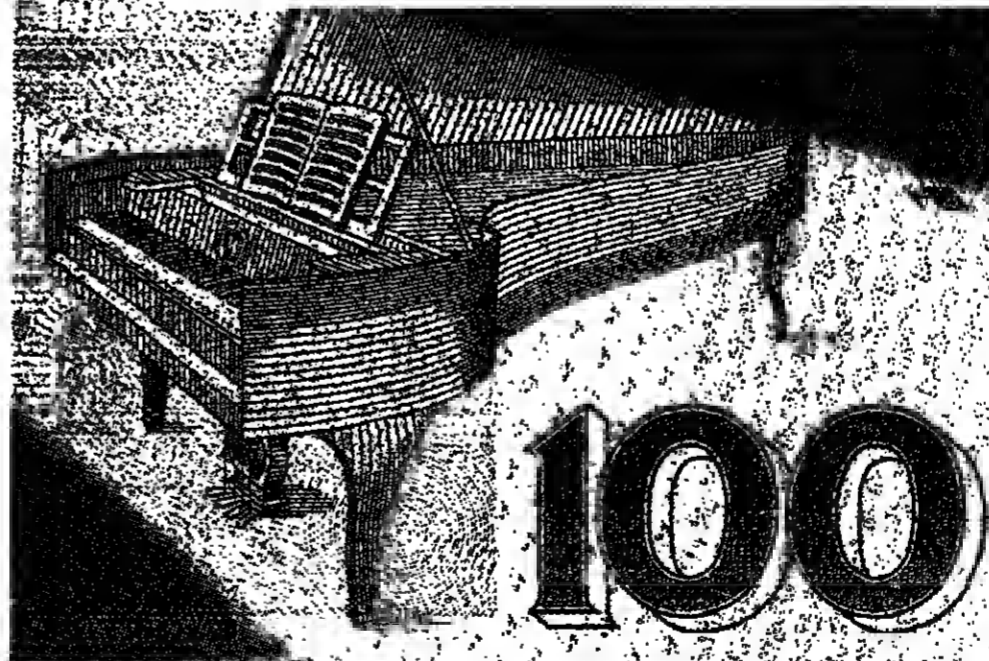
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1992 The World's Rendezvous

The Single Market

... nity if he wishes to," explains an official involved in the program. "He will be able to take his profession to another country, be able to study, arrange for his pension. He will find banks and insurance companies able to cross borders."

The free circulation of goods and services should mean more choice and lower prices. The free movement of capital is important for big business, but the increased prosperity and, it is hoped, growth will mean more jobs and better conditions.

There remain major hurdles, of course. No one thought the task of marrying 12 different cultures would be easy. "There is no question of trying to impose a dominant culture," the official says. "We aim at unity in diversity."

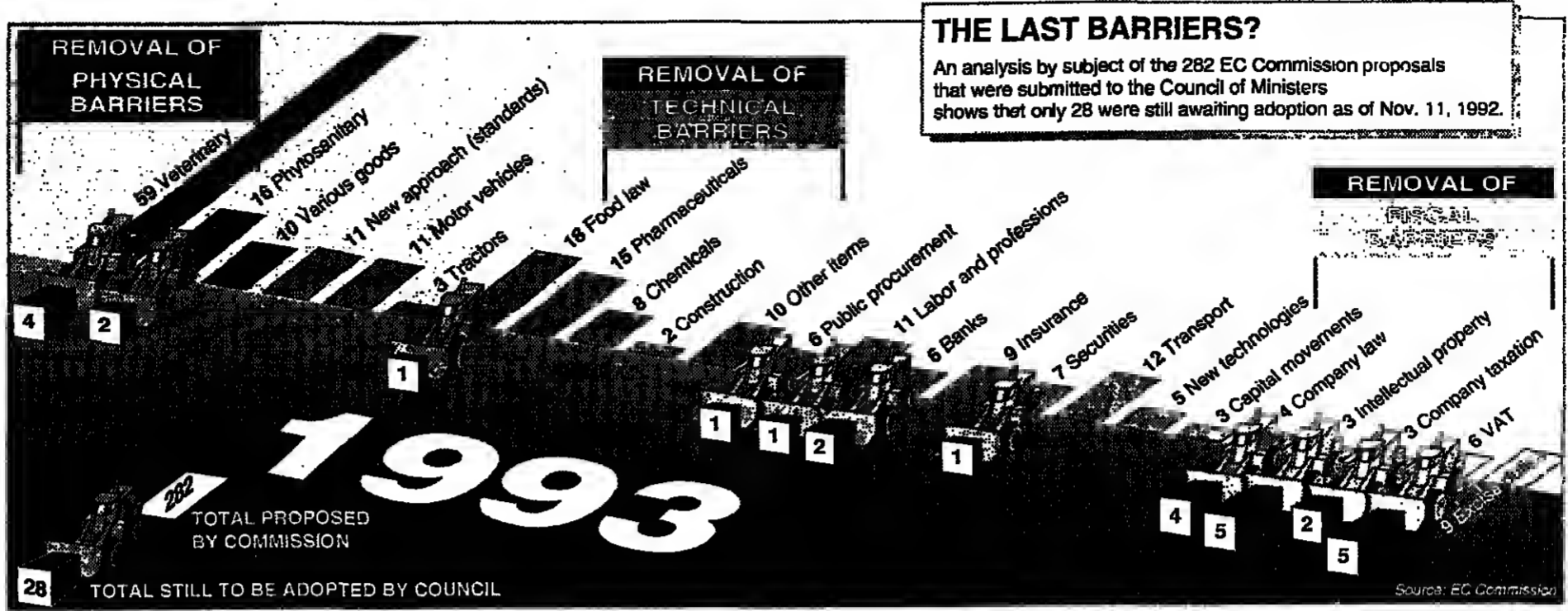
The table shows that progress still has to be made on matters that are largely technical: VAT, company law and company taxation, intellectual property (the protection of copyright) and public procurement. But there are also matters directly impinging on everyday life.

Border controls will not have disappeared on Jan. 1. Land crossings are easier, but most airports do not yet have the facilities to separate people arriving from another EC country and people arriving from the outside world. Some countries (especially Britain) are adamant in maintaining border controls for illegal drugs, terrorists, immigrants and diseased animals.

Then there is the banana question. Like many things concerning the EC, this has some comic aspects but is in fact deeply serious. Some member states either produce bananas or have special arrangements to import them, mostly from former colonies. Without help, these are not competitive with the so-called "dollar bananas," coming mostly from South America, which are imported in quantity by Germany. The spirit of a free market would seem to forbid any sort of restrictions on the "dollar bananas," but there are big issues involved. The dispute is not new, and an indication of how seriously the matter is taken by Germany is the fact that in 1957 Konrad Adenauer delayed signing the Treaty of Rome until he could be assured of access to the necessary bananas.

Standardization, the protection of children from dangerous toys, the labeling of food, safety for workers, rules for cross-border television — all these are questions of direct concern to that person in the street.

Does the creation of a single market — the tearing down of internal borders — imply the strengthening of external borders? Is there, in other words, a real danger of



THE LAST BARRIERS?
An analysis by subject of the 282 EC Commission proposals that were submitted to the Council of Ministers shows that only 28 were still awaiting adoption as of Nov. 11, 1992.

Views From the Boardroom

"For the European telecommunications industry, 1992 will have had a more profound impact than originally imagined. We had always looked on 1992 as the final stage in the preparation of the single European market of 1993. Telecommunications operators were to

cooperate closely, making the latest technologies available to European companies and thereby permitting them to enhance their competitiveness. Such was the rationale behind the Global European Network for the promotion of services and the recent accord on the

setting up of a broadband pilot network across Europe. But in the event, 1992 was marked by two highly significant trends, which I hope are indicative of a balance between harmonization and competition. On the one hand, the debate over the Maastricht treaty highlighted the important role that trans-European networks play in

the building of Europe. On the other hand, the unexpected decision by the commission to re-examine the question of competition has sparked off a fundamental analysis of the industry's future. These issues will continue to be addressed in 1993. We at France Telecom will take part in the debate, stressing what we feel is vital: that the trend

toward greater competition should not ride roughshod over the needs and interests of all the parties concerned and that it should not have a braking effect on the momentum toward harmonized and increasingly efficient networks. France Telecom will be able to reconcile its own development with the broader general interest."



Marcel Foulet, president, France Telecom.

Regions / As Borders Blur

Targeting Specific Areas For Growth and Development

While the most recognized goals of the Maastricht treaty are monetary and economic union and the completion of the single market, some ramifications of a third objective: "the strengthening of social and economic cohesion," are often overlooked.



Regional programs include helping small businesses get started.

A key part of this last goal is the European Community regional policy — a response to and a recognition of the blurring of borders within the single market.

Just as the EC's broad goal is to raise the standard of living across its 12 member countries, the regional policy zeroes in on specific deprived areas. The aim, in other words, is no more poor countries, and no more poor regions within those countries.

Much of the EC regional program is aimed at helping poorer countries since they, naturally, have more poor areas. As a result, Greece, Portugal, Ireland and Spain stand to be the biggest beneficiaries.

The regional policy also promises to boost recognized cultural and industrial areas that overlap the borders of richer countries, such as the Alsace region of France and neighboring Germany, or the areas of France and England linked by the Channel Tunnel.

Three recent examples of EC regional policy include programs to combat industrial decline in northern and central Italy by helping people set up their own small businesses, redeveloping derelict industrial sites in France's Nord-Pas de Calais region and fighting unemployment in British inner cities.

The problem, as always, is money. Or, rather, the lack of it. The EC is currently spending about \$70 billion for regional programs

In the five-year period ending in 1993, current proposals call for a 60 percent boost over the next five years, so that annual spending nearly doubles from about \$17 billion this year to more than \$33 billion by 1997.

On top of that, EC Commission President Jacques Delors is urging support for a program to spend \$90 million for infrastructure improvements — spread across the EC, but presumably concentrated in the poorer areas — to help Europe grow out of the current recession.

The recession, however, means that the richer member countries, the ones contributing more to the EC than they get back, are not especially eager to spend more and get even less back. Why, after all, should Germany be spending more to install phones on

Greek farms when Germany has so many economic problems of its own?

Bruce Millan, the EC's commissioner for regional policy, acknowledges the political obstacles. The two questions, he says, are how much member states are prepared to spend overall through the Community budget, and what share of this should be allocated to economic and social cohesion.

"The answer to that latter question will indicate what type of European Community they want — whether they do genuinely believe in economic and social cohesion," Mr. Millan says.

Many believe that regional programs will take a lower priority at least until the EC is feeling wealthier and more politically self-confident. Mr. Millan notes, however, the risk of being left behind for poorer regions: "The accelerating pace of change in our economies tends rather to increase concern that some regions and indeed groups in society could be 'dropping out' — becoming progressively more and more marginalized."

He argues that without such programs, some regions have little hope of attracting the kind of private investment that will raise their production and living standards over the long run.

These include the supply and quality of labor, infrastructure, proximity to markets and suppliers, tax and investment incentives and quality of life factors such as the environment, education and leisure.

Timothy Harper



The recession is making some richer EC countries less enthusiastic about chipping in to bolster poorer regions of the Community.

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1992 The World's Rendezvous With Europe

Views From the Boardroom

"Although a single European market for industrial insurance has been operating since 1990, it will take another year and a half to realize an 'EC '92' for the whole of the insurance industry. My company is well prepared for the chances and risks involved. Over the past 20 years, Allianz has grown into the most international group among the top insurance companies of the world, with about half its premium income now being written outside Germany. We are operating in all EC countries and in several prospective members.

All insurance business is local, and it will not be easy for foreign competitors to penetrate the German insurance market unless they are equipped with the appropriate marketing and loss-adjustment facilities. All the same, the German insurers anticipate a surge in competition, while customers are in for a heterogeneous range of products they may find hard to cope with. In order to achieve still more market orientation, the property and casualty insurance companies of the Allianz group in Germany



Henning Schulte-Noelle, chairman of the board of management, Allianz.

have dropped their traditional structure in favor of an organization focused on customers' specific needs."

Views From the Boardroom

"The EC 1992 concept spun a 'ring of confidence' around politicians



Jorma Ollila, president and chief executive officer, Nokia.

and the business community. Decisive progress has been made and the magic date is upon us, but it is more a day of reckoning.

Nationalism is rearing its ugly head again. The movement toward political and monetary union is stalled. Many monopolies remain, apparently unremoved. Add to this the poor state of the economy in Europe and in the world generally, and we have an ambiguous situation.

We might ask if ambitions were too high. My answer is: Without ambitions we shall never build a new Europe. And our response must not be "Fortress Europe." We need partners overseas, too.

As the GATT talks now reach the critical end-phase, there is a real need for realism on the part of all major players. Our poli-

ticians must bring the Uruguay Round to an equitable conclusion and save us from a devastating trade war. There is much to gain and much to lose.

Finland has taken a major step and applied for full membership in the EC with no reservations about Maastricht. This has been favorably received, and it is hoped that a decision will be made as soon as possible as to when official talks can begin.

As a European technology company, Nokia has that "ring of confidence" and welcomes this development. Europe's problems are complex, but on the basis of its potential, with hard work and goodwill, the new Grand Design of Europe can still be realized."

Views From the Boardroom

"For a big-ticket customer bank like WestLB, the single European market poses a major challenge. For one thing, our clients expect us to provide them with an ever-wider and more sophisticated range of services throughout Europe. Secondly, the already stiff competition in the German banking sector will get tougher still. Once banks within the EC are entitled to open branches and offer services in any member country and at the same time are subject to the laws prevailing in their home country, more and more foreign banks and securities houses will crowd into our market.

In order to gear ourselves up for EC '92, WestLB developed a strategy for Europe, which for

the most part has been implemented. The central elements of this strategy include enlargement of our product range, strengthening of our European presence, modernization of our internal company structure and intensified recruitment of staff from other European countries. At the same time, we have concluded a cooperation agreement with the Standard Chartered Bank of Britain.

There is no doubt that WestLB employees will be working much more closely with their colleagues in other countries in the future. Spending a period abroad in one of our foreign branches will increasingly become a pre-condition for climbing the professional ladder at WestLB. Knowledge of



Friedel Neuber, chairman of the managing board, WestLB.

other languages, legal and economic systems, and above all acceptance and tolerance of other cultures, will become increasingly important within our group.

For me personally, it is my fervent hope that the completion of the single market will promote the development of the EC as a potent force for peace and democracy in Europe as a whole."

Interview / Jacques Delors

One Man's Vision a Reality

Continued from Page 7

nophobia and racism — it would seem that 1992, the final year, has been the worst in terms of the EC's performance.

What we accomplished in the EC 1992 program should not be looked at as a miracle remedy. I would only say, and many observers agree, that the plan helped bring about a renaissance of the European economy, even though much remains to be done. I am absolutely convinced that if we had a better economic climate, half of the difficulties linked to the ratification of the treaty would disappear.

What is your biggest regret, or failure, as you look back at your efforts on behalf of European integration?

During the past eight years, as in previous years, we have always faced the problem of bringing ourselves closer to the public, to average people, and explaining what building Europe is all about. We have made progress faced with indifference of the public and sometimes of national parliaments. By the same token, it is not up to the EC Commission to substitute itself for national governments to explain why we are struggling. But that is one of my regrets.

Is it too late to find a solution to the communications problem?

No. But the main job rests with national governments, and I don't say this in order to duck my responsibility.

You talk about greater transparency, referring to the commission. But the real center of power is the Council of Ministers, which operates in great secrecy. Do you like this system?

When I arrived, I said I wanted a commission with greater autonomy that would also be more responsible and accountable. Contrary to my colleagues who were looking to the European Parliament, I was prepared to have us removed by the European Council [EC heads of state and government].

But in return, I wanted greater autonomy. Did you know that there are 196 groups of national civil servants representing national governments working for the Council of Ministers? When we make a proposal destined for the council, it goes through these national civil servants, and that is where things often get stuck.

Starting around 1986, for example, I felt we needed a

statute allowing the establishment of pan-European corporations to facilitate joint ventures and cooperation between companies, which, even for the Americans, would prove difficult considering the different legal and tax systems. We drafted a plan containing 40 articles. It has not yet been adopted. It is still circulating in the Council of Ministers, and it now contains 200 articles.

Turning to the topic of monetary union, do you believe that the commission and the council should have managed the campaign for a single currency differently?

No. I believe support for



Jacques Delors, president of the EC Commission. "Much remains to be done."

the goal of monetary union, a single currency, is reflected in every survey of public opinion as one of the most important pillars of European integration. The issue is whether or not we are, in fact, capable of moving toward a single currency — that is, of following the agenda set out in the new treaty.

What needs to happen next?

There is a lot to think about, notably in the markets, so that they regain confidence in the Ecu and are 100 percent convinced that the single currency and economic and monetary union are credible.

Can all 12 EC member states stick to the agenda?

It is possible that the agenda will be adhered to, perhaps not by all the 12 member countries at the same time, but by a certain number of countries. No one can say that the world monetary system today is functioning satisfactorily.

This means that a minimum of seven countries, according to the Maastricht agreement, can take the first step toward monetary union.

means that certain countries will benefit from an extended period of transition. But there are precedents. When I proposed the total liberalization of capital movement, we agreed to grant periods of transition varying between two and four years to four EC members.

Do the recent devaluations of the British pound and the Italian lira imply a failure of the European Monetary System?

We need to look at essentials. If there are currencies that fall, it is because the fundamentals of their economies were not judged to be satisfactory by the markets. The EMS cannot be considered a factor here. It can, however, force a certain cooperation or convergence among member-country economies. In that sense, it has been very successful.

Many economists believe we are facing at least one more year of economic stagnation, or recession. What is your remedy?

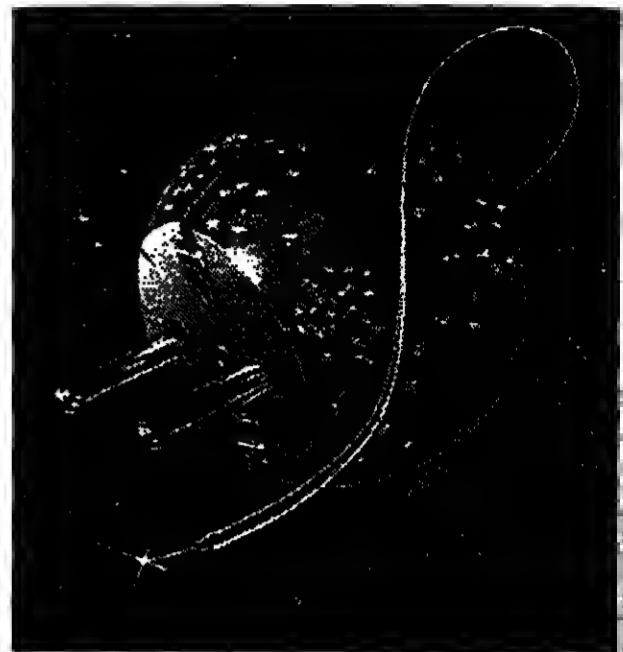
We need, above all, to think in terms of greater cooperation among ourselves, and to support public and private investment. And that is why we are so committed to a vast program of improving the networks and infrastructure of Europe. This is the only way to have our internal market bear more fruit. Internationally, it is absolutely essential for the Group of Seven [the United States, Germany, Japan, France, Britain, Italy and Canada] to once again become an organization that has credibility and can react. This has not been the case for the past three years, with most members playing "lonesome cowboy."

Do you believe that the Community can speak with the incoming Clinton administration with a single voice regarding future trans-Atlantic cooperation over infrastructure investments?

Yes. I favor a U.S.-EC partnership. However, our room to maneuver in budgetary terms is very small. We lack savings, so we cannot tax much. What we can do is use what little margin we have to sustain investments, which means expanding the public sector — combating poverty in our cities, for example.

What will it take to reduce the number of unemployed — 12 million — in the Community?

A GNP growth rate of over 3 percent. At that point, unemployment would decrease slowly.



A universal plug? Not for the EC, which cannot agree on one.

"Fortress Europe"? Emphatically not, says the official. It has been shown that the single market rules make it necessary that some protectionist measures be abolished. He quotes the case of Japanese cars, allowed into some EC countries but not into others. "If there were to be a 'fortress,' we would have to extend the protection," he says. "In fact, this is not happening. There is no crash program to abolish restrictions, but slow progress is being made toward letting in more Japanese cars."

The Business Perspective

American business in Europe, as reflected by the EC Committee of the American Chamber of Commerce, has been greatly pleased by the commitment to a free and open market shown over the years by Community leaders.

Julian Oliver, who as well as being chairman of the committee is a vice president of American Express Europe, says that in many respects U.S. companies have always looked at Europe as a single market. "But we have been frustrated by hindrances such as national barriers and different standards — hindrances that have meant we were unable to take advantage of a rationalization of scale."

That is now past. The single market that is almost wholly created is "bigger and more extensive than anywhere else in the world." It is no longer necessary to think of the market as 12 fragmented sections. "It is not perfect, but we can operate quite well," he says.

He is dismissive of the dangers of a "Fortress Europe," in spite of the current tensions. "There is a tradition of protectionism in three or four of the national markets," Mr. Oliver says, "and one hears echoes at the Community level. But there is no doubt about the commitment of the majority."

Because of his connection with American Express, Mr. Oliver is particularly concerned with the financial sectors — banking, securities, insurance and pension funds. On banking, all the relevant legislation has been passed and most implemented. Banks are now able to set up branches in other EC countries in which they have subsidiaries without the hugely complicated paperwork and capital investment that was demanded before. The benefits — for ordinary customers looking for somewhere to cash their checks and for businesses transporting capital around Europe — are large, and will grow over the years.

Securities have proved more difficult — big cultural differences have become apparent about what rules are necessary concerning investing money, with Britain and the Netherlands finding themselves isolated on some matters. But political agreement was reached last summer, and the relevant documents were expected to be prepared before the end of the year. It will take another 12 to 18 months for the new rules to come into effect. As with banking, the concept is for a "single license" for all 12 states.

Insurance has in many ways proved the most difficult. Governments are deeply involved in ensuring that the consumer is protected during what are inevitably long contracts, and this makes openness to competition more difficult. "Life insurance is 10 times more expensive in Portugal than in Britain," notes Mr. Oliver. It is a complex area, with cultural differences playing a strong role, but the last building block of an agreement was put in place during negotiations in November. Again, there will be a delay, probably of about two years, before the agreement is implemented.

The free movement of pension funds has similarly proved difficult to ensure. Government rules and cultural differences are inevitable, once again because of the need to protect the consumer — a need sometimes imperfectly met. In some states, pension fund managers are, for instance, forbidden to invest money outside national borders. This can be a serious hindrance to the free flow of

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The Single Market

capital. Again, agreement in principle has just been reached, but there is a distance to go before it is made practical.

There will be an interesting side effect of the eventual creation of a single financial market — and of a single currency, it is hoped. The rules of the International Monetary Fund and the World Bank say that these two institutions must be at the biggest center of foreign reserves; they may have to move from the United States to Europe in the near future.

Another area in which American capital has been greatly involved — and in which it hopes for greater involvement — is telecommunications.

Eric M. Vaes is chairman of the telecommunications committee of the American Chamber of Commerce EC Committee as well as being a leading businessman in the area. He explains that the European market for telecommunications services and equipment amounts to 100 billion Ecu (\$123 billion) a year, with services growing at about 10 percent a year and equipment growing at 6.7 percent a year.

The aim is to liberalize the market for telecommunications equipment and services, open up public procurement policies and harmonize standards. Major initiatives have been made by the commission, but have met considerable opposition from some national operators, which are still government-owned throughout the EC, except in Britain.

The EC decisions are based on the telecommunications Green Paper published in 1987, and the progress since then in bringing forward legislation has been an "outstanding achievement," according to Mr. Vaes. But actual pro-

Views From the Boardroom

"Europe '92 was a fantastic idea of Jacques Delors to promote a common market from Copenhagen to Athens in a spirit of freedom and free enterprise.

Airlines are contributing to this idea. They comfortably transport people and goods all over the world. They help people to understand each other better. But '92 was not a magic date for the airline industry, which has been operating in a free market for years.

However, European airlines are concerned about two major issues that could endanger their future in regard to American or Asian competitors.

First are the competitive rules between airlines, within Europe and across the Atlantic. Some U.S. airlines, which are still alive thanks to the protection of Chapter 11, have inflated airdroid price



Pierre Godfroid, president, Sabena.

wars. The battle is unfair, and the whole industry is registering bad financial results. Today, Europe needs a global strategy to strengthen the market position of its airline industry rather than an ideological approach exclusively based on free enterprise. In the long run, this last approach would be detrimental to the customers as well as to the industry.

A second problem still handicaps European airlines: the absence of unified systems for air traffic control. In the continental United States, 20 ATC centers control a single airspace with a single system. There is, in the United States, a "single sky." In Europe, 54 ATC centers work with 31 different system families to control 22 air systems in over 70 programming languages. There is no "single sky." The key is political. European airlines are urging their ministers of transport to improve this situation quickly. We estimate that this bad organization costs us 1 percent of our sales.

Europe without borders will be a reality starting in January '93. But there is still a lot to do to get a strong European airline industry operating in one single sky for the satisfaction of its clients."

Views From the Boardroom

"Alcatel Alsthom embraced the European ideal many years ago. Over the past decade, it has progressively built up a wide European presence, aimed at providing the corporation with the capability to compete with its major North American or Far Eastern challengers in the global marketplace.

Today, Europe is Alcatel Alsthom's home country. We have sales of 17 billion Ecu (\$14 billion) in Europe, where we employ over 150,000 people. These employees are mostly nationals of different EC countries, where our subsidiaries are often leaders. Most of our accounts are in Ecu, the currency we also use for intercompany transactions. Our laboratories and factories have learned to work together, be they English, German, Belgian, Spanish, Italian or French. From this European base,



Pierre Suard, chairman and chief executive officer, Alcatel Alsthom.

Alcatel Alsthom has expanded to the other continents.

We have, therefore, a broad, field-tested, experience in striving for the creation of a competitive industrial Europe. I have to say, however, that our quest has often been hampered by the lack of industrial vision of European policymakers.

Europe is now far from being a single market. This deprives EC companies of the key competitive advantage of economies of scale that their foreign counterparts enjoy in their own domestic markets of North America and Japan. In such a context, opening up the Community market to world competition on Jan. 1, 1993 is a challenge in itself. But doing it, moreover, without having negotiated beforehand the reciprocal access of European suppliers to the currently closed home markets of those competitors totally disregards industrial realities and would be suicidal.

The referendums on the Maastricht treaty in Denmark and France have sent a clear message to all Eurocrats: Please, listen a bit more to your citizens. Listen to your industries was also part of the message."



The banana controversy almost caused a slip-up in the Treaty of Rome — and continues today.

gress has been "slow and painful" in the areas of satellite and mobile communications and voice telephony.

Voice telephony provides the bread and butter of national telecommunications operators. The commission has recently published its latest communication on liberalizing voice monopolies, which has provoked considerable discussion.

The industry believes that full liberalization of voice telephony must happen, but that it will come about in stages, not overnight. A timetable of five to eight years is visualized; commission sources say nothing final will happen before the year 2000. Users are worried about how well and how fast member states will transpose EC telecommunications legislation into their national legislation.

Progress has been made. In Belgium, for instance, the Belgian PTT employed 26,000 people, but it was not uncommon for a customer to wait three months for a new phone to be installed. Now a new name, Belgacom, has come with a new efficiency and the determination that a radical transformation will take place in the future. The plan is for 30 percent of its revenues to be exposed to cross-border telecommunications competition.

As Europe gradually opens up the market for telecommunications equipment and services to full competition, the opportunities for European and foreign investment will be large. Users hope that the result will be better service and more competitive prices. Mr. Vaes says that American-based companies operating in Europe still find that on a directly comparative basis the cost of telecommunications

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Views From the Boardroom

"We expect the removal of trade barriers to generate a vast, freer and more homogeneous European market that will offer further business opportunities, although we do not anticipate any drastic changes post-1992.

Europe is strategically important, part of our tri-polar business structure that also embraces North America and Asia. We set up the Toshiba Corporation Europe office in 1989 to coordinate our European operations.

In 1991, our consolidated sales in Europe totaled 365 billion yen (\$3 billion), 25 percent of overseas sales. We now operate a European network of 37 subsidiary and affiliate companies, 21 of them with a local president, and employ almost 5,000 people.

Our eight European production facilities manufacture semiconductors, personal computers, copiers, VCRs, color televisions, microwave ovens and air conditioners. Local content is increasing, and approaches 80 per-



Fumio Sato, president, Toshiba Corp.

cent in some products. We also pursue R&D, and established a research center in Britain in 1991. We have good relationships with major European companies such as Siemens, Thomson and Alcatel Alsthom.

In the post-1992 market, we will continue our long-term strategies of strengthening our business infrastructure and promoting localization. We will make every effort to achieve an efficient organization that meets the demands of a unified European market."

Views From the Boardroom



Percy Barnevik, president and chief executive officer, ABB Asea Brown Boveri.

"For a company like ABB, important EC-driven changes are occurring in the areas of public procurement and the ability of companies and countries to establish and equally utilize energy supply and distribution systems between nations and regions.

However, for us, "1992" is an ongoing process rather than a limited program. Some of the originally envisioned developments have been

overtaken by the enormous challenges that confront the "New Europe," which now must include all nations from the Atlantic to the Urals.

If the 400 million people living in Eastern and Central Europe are ignored, all of the progress made under the EC banner will be overwhelmed by the economic and social problems in the nations formerly under Communist rule. The EC and present EFTA nations — all of the

West in fact — cannot afford to build a welfare wall between us and these struggling peoples. We must help these nations make significant progress toward integration into a new Europe comprising 800 million citizens.

The business and social challenges are enormous, but the spirit behind the original EC initiative must be expanded to include everyone living in the European house."

Views From the Boardroom

"For Aerospatiale, Europe has been a reality of life for many years: 1992 is but one more step along a path it has deliberately and steadily followed with its friends and associates. Moreover, such ventures as Airbus Industrie or ArianeSpace, in the development of which my company has exercised a major role, have been

decisive milestones in the building of Europe.

The completion of the internal market is certainly a good point where manufactured goods are concerned. However, to be efficient in the long run, especially in terms of employment and economic strength, this development has to be integrated within a large scope, in-

cluding consistent industrial and commercial policy to provide European companies with the means to compete fairly in the global market.

If the European Community intends to keep its aeronautical and space industry alive and efficient it has to apply itself to giving broad support and creating a positive environment, especially in research and development."



Louis Gaillois, chairman and chief executive officer, Aerospatiale.



What is jam? It took the EC 12 years and several hundred thousand words to define it.

... is generally higher in Europe than it is in North America. To conclude, Mr. Vaas stresses that the further liberalization and harmonization of the EC telecommunications market is an irreversible process. Telecommunications enhances the competitiveness of companies in Europe and stimulates the growth of the economies of member states and of the European Community.

In more general terms, a submission to the commission by the EC Committee of the American Chamber of Commerce says: "We believe that the single market is an ongoing process, and continued action will be needed at EC level.... To be effective, implementation and enforcement of EC legislation must be closely monitored by the EC Commission."

In another submission, the committee says: "The application of the principle of subsidiarity is likely to increase the extent to which the implementation and enforcement of EC legislation will be delegated to member states. Unless there is an increase in the monitoring at EC level of the implementation and enforcement, and greater effort paid to ensuring that there are practical (i.e., speedy and enforceable) judicial remedies at member state level, the success of the 1985 White Paper program could be eroded."

Consuming Concerns

There is not a single electric plug that can be used throughout the single market, and agreement cannot be reached to put this right.

This is one of the concerns listed by the European Consumers' Organization (known as BEUC, its French acronym) in a submission to the EC. It is a small failure, but consumers are also worried about bigger things.

"The removal of barriers to the free movement of goods, services, people and capital across frontiers will not in itself create a single market for consumers," says the submission.

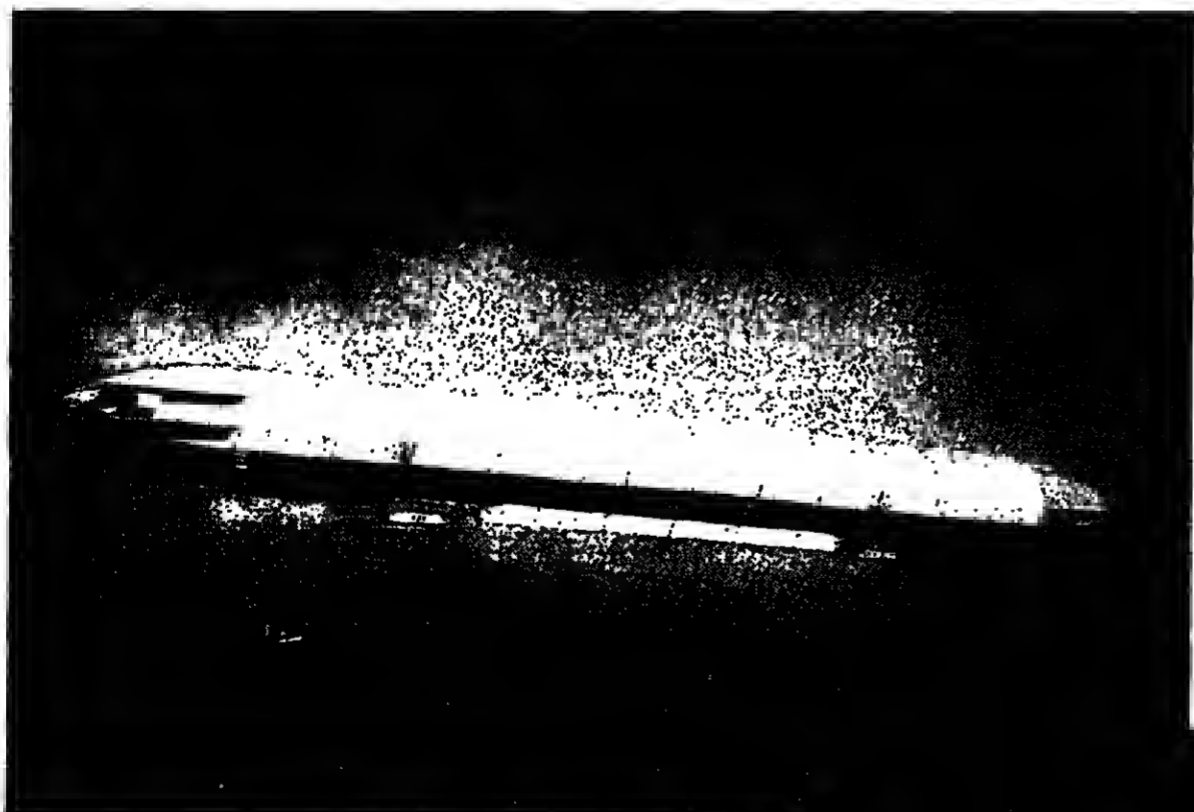
Producers will "retain many possibilities of placing practical obstacles in the way of cross-border purchases by consumers" (as with cars). The delivery of medical services will be influenced by national reimbursement systems. There will not be a single market in air-transport services, because of the absence of a comprehensive competition policy in this sector. There will not be a single regime for product liability throughout the Community. Incompatible standards for television and video will continue.

The single market may have a negative impact, say the consumers, because of the need for harmonization or mutual recognition. "The process of reaching political agreement on harmonization has led to the adoption of standards that are very much lower than those in the best member state," the submission says.

For example, some consumers will have to accept food additives previously banned by their state. "In some countries, consumers will experience cross-border advertising on television and in distance selling that does not meet



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Zeppelin over Lake Constance, Baden-Württemberg.

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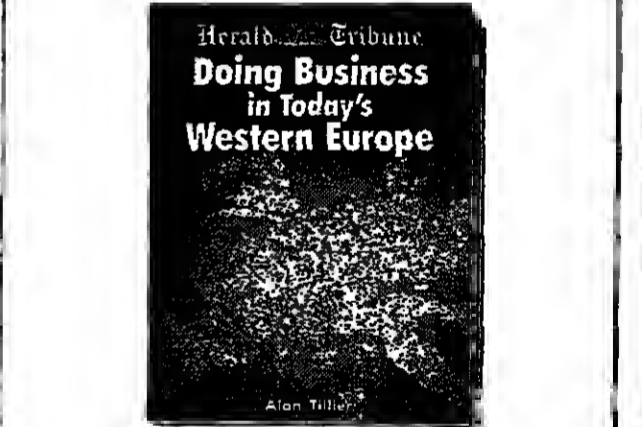
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And the harvest we share, always more fruitful.

Lacquered writing box (suzuribako) depicting women gathering tea leaves, 19th century. Toshiba Gallery of Japanese Art, Victoria and Albert Museum, London.

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1992 The World's Rendezvous With Europe

The Single Market

...the national standards." The consumer organization urges "a positive effort to harmonize at a high level of consumer protection." It alleges that there is sometimes a "blatant failure" by member states to implement and enforce single market measures. "It is consumers who suffer most from what is often a cynical disregard of the obligations of Community membership," says the document.

"There is also the danger," it adds, "that the principle of subsidiarity may be used as an instrument for ensuring that there is no adequate regulation, whether at Community or national level."

The organization urges action to protect consumers. "A self-regulatory scheme in one country must extend its scope to all consumers throughout the Community." A data base should be established containing details of consumer rights and redress mechanisms, and the system for the rapid exchange of information on unsafe products should be upgraded.

Building on the Base

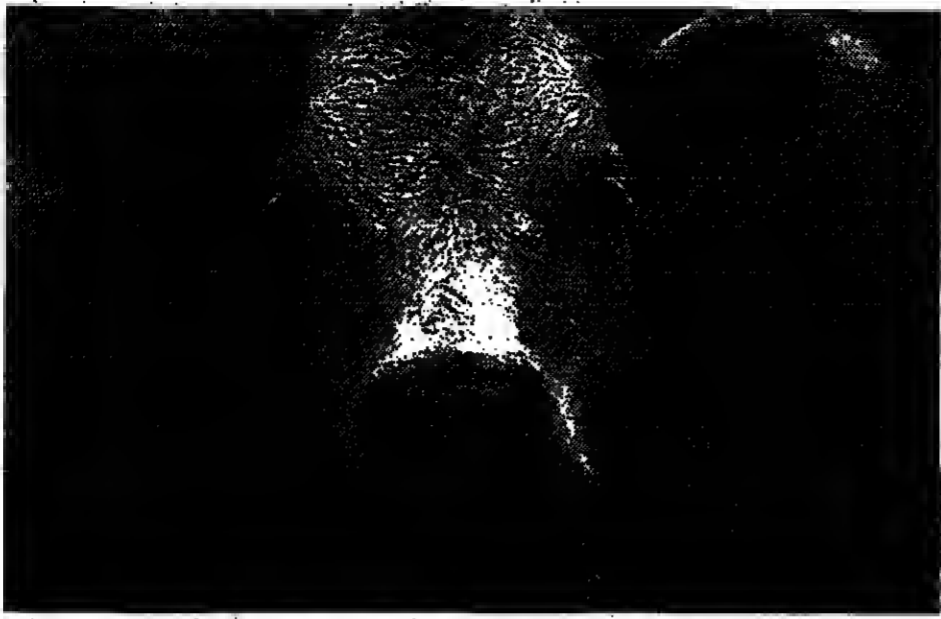
"The challenge now," says an influential report published by the EC Commission in October 1992, "is to reassure the consumer and to capture the imagination of business, particularly of smaller firms, that the rule of a really frontier-free market will be applied across the Community. When this is achieved, the internal market will truly be seen as the basic stepping stone in the construction of Europe."

The report, which figured in discussions at the Edinburgh summit, was prepared by a committee headed by Peter Sutherland, a former commissioner from Ireland, that was set up in March 1992 to consider what needs to be done next so that "the full benefits of the internal market are secured in practice after 1992."

The committee considered evidence submitted by the consumers' organization BEUC. "The Community's internal market will benefit consumers by giving them a wider choice of goods and services," it says. "It will also benefit businesses, small and large, by providing them with market opportunities."

"The current position is that the Community has already taken nearly all the decisions required by the 1985 White Paper and they are gradually coming into force. This progress is clearly a remarkable achievement. Our report is about how to make the internal market operate effectively now that its foundations have been laid."

The report acknowledges that doubts exist about the way the internal market will work in practice. "Much more needs to be done to explain the need for and operation of the new laws," it says. It calls for a communications strategy, "supported by action to make Community law clear."



The legal connection of cows with ice cream: a matter of considerable debate.

Eastern Europe / Take a Number, Please

Meanwhile, Further Down the Waiting List

While some of the more Westernized East European countries have successfully negotiated association agreements that strengthen their ties with the European Community, other ex-East bloc countries have a longer way to go before they can hope to achieve this status.

Bulgaria, to give one example, hopes to benefit from an EC connection as it transforms its economy.

The EC association agreements cover cultural, financial and customs regulations and create a free-trade zone within the EC within a 10-year period, leading to liberalization in trade of industrial products. Supporters say the agreements are crucial to further the reform process, safeguard democracy and stem mounting social problems in former Communist countries.

The East Europeans themselves hope that asso-

ciate membership will boost competitiveness, help attract foreign investment, stabilize economies and provide greater access to West European markets. All envision EC membership by the turn of the century.

Bulgaria, firmly locked into the Soviet sphere of influence for four decades, began negotiations with the EC in 1992.

Says Ilse Grosser, Bulgarian expert at the Vienna-based International Institute for Comparative Economic Studies: "For the EC, integrating Bulgaria is important for long-term security and economic reasons. Bulgaria, of all East European nations, was most dependent on Comecon for its trade. Intensive links to the EC are crucial to help the country reorient trade and open up new markets."

For the time being, however, the country faces eco-

Applicants / Moving Toward Membership

Candidates Progress, Except for Swiss

One challenge facing the European Community is how to expand from its current 12 members to perhaps 30 or more in the next century. The first enlargement phase is likely to begin in 1995 or 1996.

Following last spring's Danish "No" to the Maastricht treaty, the European Community laid down its admission requirements: a competitive free-market economy, a democratic system respecting human rights and acceptance of the treaty. Furthermore, candidates are expected to identify with the goals of achieving a political, trade

and currency union, and accept a common foreign and security policy.

In a first phase, four of the members of the European Free Trade Association that have already applied for membership — Austria, Finland, Norway and Sweden — could be admitted in the next three to four years.

Although their applications were submitted at different times (Austria in 1980, Sweden in 1991, Finland and Norway this year), the EC is likely to accept them en bloc. With thriving economies and compatible political and economic sys-

tems, the four states fulfill EC requirements, though their neutrality remains a potential obstacle. Some longstanding disagreements, like fishing in the case of Norway, remain to be thrashed out.

Switzerland, which had also applied for membership in 1992, recently rejected joining the proposed European Economic Area in a country-wide referendum. The EEA, scheduled to come into effect early next year, would create a single market between the EC and EFTA countries. The vote was seen as a clear message of preference for continuing economic isolation from the EC.

Says Anton Pelinka, political analyst and professor at the University of Innsbruck: "The Swiss vote is a warning. The EC must change many of its structures to create an effective common market and integrate other countries. At the same time, it is going to be harder for potential new members to convince their own populations to enter the EC."

Formal negotiations with the other EFTA applicants are scheduled to begin in 1993, but an exact date has yet to be set. EC officials have often linked membership talks with agreement on EC finances as well as ratification of the Maastricht treaty, which could take as long as the fall of 1993. Germany recently became the 10th EC country to ratify the treaty.

This autumn Britain made its approval contingent on the outcome of a second Danish referendum to be held in May 1993 or later. Denmark is asking for a series of "opt outs," or exemptions, which mem-

bers fear could set a precedent for future candidates.

Admission procedures could be accelerated for a start to negotiations in early 1993. The EC is considering measures to integrate those nations waiting in the wings that will require years to meet EC expectations: Cyprus, Malta, Turkey and the former Comecon countries.

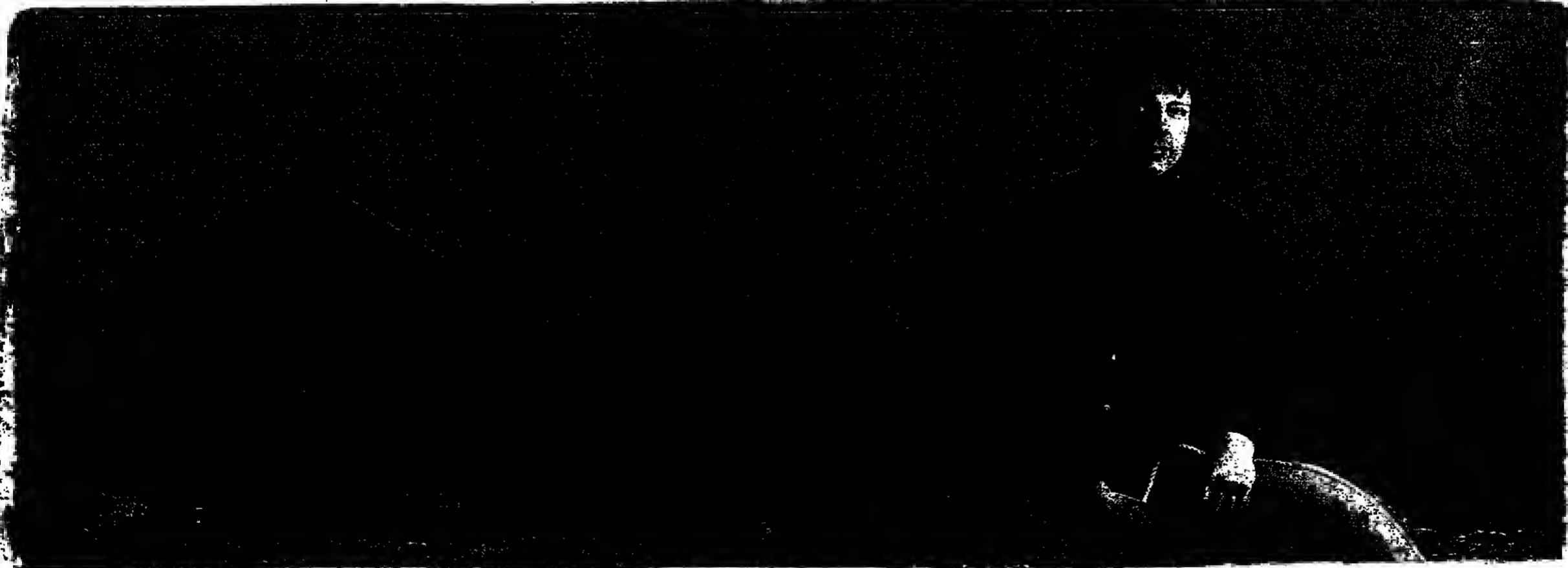
Enlargement is seen as a vehicle to gain lost momentum and push forward the dynamic process of European unity. In recent months, support for expanding the role of the EC has declined. The French and Danish referendums on Maastricht rallied opposition against what opponents termed the "faceless bureaucrats" in Brussels.

To accommodate a potential expansion from 12 to 30 or more member states, far-reaching institutional reforms may be necessary. This could entail holding a new summit meeting before "Maastricht 2" in 1996, and lead to broader authority for the EC Commission, acting as a European government in a United States of Europe.

The EC has concluded or is negotiating association agreements with several East European nations. Czechoslovakia and Hungary have moved furthest in their reform efforts and could be the first to be admitted. EC officials fear increased agricultural competition, a flood of cheap industrial products and billions in additional expenditures from the EC budget for the poorer East Europeans. Some EC leaders, however, want to integrate the region for political and security reasons before the 10-year transition period is over.

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For the consumer, this calls for greater cooperation between the market control authorities of the member states, "including a clear agreement on how to handle urgent problems rapidly across the Community." Progress is also needed "on long outstanding issues about practical recourse to Community law."

For business, it is important that barriers are not recreated. "There is a risk of fragmentation of the market, arising either from divergent interpretation and enforcement of Community law or from the introduction of national rules which needlessly segment the market," the report says. "Subsidiarity does not and cannot be interpreted as permitting such developments."

For member states, this means "a greater awareness of the need to work with the grain of the internal market, in particular by building in the principle of mutual recognition before making fresh national rules." For the commission, it means "accepting, whenever possible, some degree of diversity, particularly where national measures have negligible economic impact on the Community."

The report lists a number of recommendations for bringing these general principles into action. It is particularly interesting on the vexing question of the possible conflict between the acceptance of diversity and the effective operation of the internal market. "The Community has already made considerable progress towards resolving the problem by basing much of the internal market program [the White Paper of 1985] on the principle of mutual

recognition," it says. "There are, however, limits to mutual recognition where there are overriding needs, such as the protection of health, safety, the environment or consumers, and when national legislation is not equivalent."

In these cases, the Community "should avoid unnecessary legislation," the report says. A careful analysis is necessary, and "when such an analysis concludes that the effect of national measures is not material to the operation of the internal market, we consider that the Community should not insist on legislation: We express a preference for preserving diversity in such circumstances."

Standard Procedures

It is not easy to establish standards. The EC directive on jam took 12 years to negotiate and contains more words than the Old Testament.

Must jam contain a percentage of fruit? The Portuguese like to make jam out of carrots. Must marmalade contain mostly citrus fruits, as the breakfasting Britons insist? Not according to the Germans, to whom the related word simply means jam, as it does in many European languages. And so on, with national hackles rising on all sides.

Here is another problem. It is important that safety nets used on building sites should not continue to be used for too many years, as they become unsafe. The French insist that a colored thread be introduced into each net and that the color be changed each year. That makes it easy to say, "Blue nets shall no longer be used." The Germans insist that a metal plate with a date on it be woven into the net. Both systems work, but to have both in a single market is

wasteful; suppose you want to take your nets across a border. Learned committees are now trying to resolve the matter.

A man deeply concerned with these and similar problems is Jacques Reppusard, secretary-general of the European Committee for Standardization (known as CEN, the initials of the French Comité Européen de Normalisation). This committee was born in the 1960s as a private organization to help European industry — there was already the worldwide International Organization for Standardization, based in Geneva.

CEN had its work accelerated in 1985 when it was recruited by the EC for all standards except those involving electrotechnology and telecommunications. In 1985, too, the EC decided on a "new approach" to standardization, involving a simplified procedure and swifter decisions, an attempt to avoid the jam quagmires.

The first standard produced under the new rules concerned the safety of toys — they must not have spikes and sharp edges, poisonous paints or other materials, parts that are small enough to be swallowed, and so on. Since 1985, CEN has seen dramatic growth. At that time, there were only a few hundred items on its "order book"; now there are nearly 7,000. In 1990, it produced 100 standards, in 1991 200 and in 1992 300.

The organization has 255 technical committees covering such things as furniture, cranes, roofing and the durability of wood. More than 1,000 working groups are in action. The procedure is for a committee to produce a draft standard that is exposed to six months of public comment. It then goes back to the committee for revision. A final draft will be submitted to all the national members of the CEN, who will be encouraged to consult everyone concerned. There is a vote, and if the draft receives a sufficient majority it is published.

CEN claims to work on a basic principle of "openness and transparency" and also says, "Standards are developed on the basis of voluntary agreement between the interested parties." If safety is involved, the EC article will become part of individual nations' legislation, and in fact "voluntary" agreements are binding, even if they do not have the force of law, because those are the terms of the arrangement between CEN and its national members.

Some standards are easy. The basic size for a sheet of paper — called A4 — was a German idea that was quickly adopted everywhere. Standards for thermostat radiator valves are more complicated but do not involve national pride or emotions, so national standards made way for a European standard, and life is much easier for industry throughout Europe.

Some subjects are hugely complicated. CEN experts are looking into road traffic "informatics." The technology exists for cars to have a screen connected to map information, which tells a driver where he is and which way he must go. This is of great interest to the automobile industry, the military, geographers and mapmakers, road engineers, the electronics industry and others. It would be in the interests of all if a system that worked in Berlin also worked in Lisbon and London. CEN experts are working on it.

The size of things is a fruitful field. One dream — which seems possible — is for Europe-wide agreement on having the size of cans of peas and boxes of laundry detergent related to the size of supermarket shelves and cars and also related to the size of trucks and container ships.

There are failures. The British continue to drive on the left. France's high-speed train, the TGV, cannot go into Germany because of signaling differences. The unit pulling the train from Paris to Copenhagen will have four different systems in it to adapt to different demands made on it. This makes it hugely expensive and unexportable.

It is the labeling and content of foods that cause the biggest increase in national blood pressures. Is it essential that something called "pure orange juice" have seen the inside of an orange? Must "ice cream" have some connection with cows? Can one define what "petit pois extra fins" implies, or what must be in a "cassoulet"? Should there be inflexible rules about how to make a "camembert"?

The protection of the environment also poses difficult questions. Should a person be free to shoot passing small birds?

The principle is that consumers must be protected but diversity must remain. Fine lines have to be drawn.

A More Business-Friendly Commission

Bureaucrats in Brussels react vigorously against the suggestion that a large and powerful EC bureaucracy is a threat to the 12 nation states and their citizens.

"First of all, it is not large," one official says. "Say 13,000 to 14,000 people. About what it takes to administer an average-sized city. It is smaller than the Scottish Office in Britain."

Second, the EC Commission proposes, but the Council of Ministers disposes. In other words, ultimate power resides with the elected representatives of the people in the 12 states, not with the bureaucrats. It is often tempting for a government to blame an unpopular measure on people in offices in Brussels, but it is rarely true.

It is certainly a bureaucracy, however, and it does exercise some power in administering the decisions of the Council of Ministers. "The more you create a single market, the more you need to police it," says an official concerned with competition.

Free trade can be thwarted by cartels, restrictive agreements and excessive subsidies. The idea of competition goes against some national traditions, according to the official. Germany believes in it, unlike many other European states. "We have to synthesize an enthusiasm for competition," he says.

"The natural tendency for companies is toward cartels," he says. "And the natural tendency for governments is to subsidize. We have to act as a referee."

Much is done by persuasion, but there can also be compulsion, backed by the Court of Justice. The policy is to oppose subsidies only if they distort or threaten to distort competition. Aid to depressed regions or to promote new economic activities is permitted, for instance. But aid has to be "carefully modulated," he says. "The aim is to create a level playing field," according to the official.

Cartels, on the other hand, are described as "bad news for everyone." Agreements on market-sharing, price-fixing, exclusive purchase or selective distribution can all be banned. Action is pending on alleged cartels concerning cement, steel, sugar, cardboard packaging and PVC materials. In the past, successful action has been taken in such fields as zinc, dyestuffs, recorded music, automobiles and champagne.

On mergers, the commission took steps in September 1990 to allow it to act only in large cases and in cases that involve more than one European country. The new rules also provided for swifter action and for rulings given in advance. Since that date, it has considered 110 proposed mergers and only blocked one, proposing conditions in eight other cases.

The thrust is to make the commission "more business-friendly," the official says. Block exemption rules are possible. "If you meet the conditions, we will wave you through," he says.

No one denies the difficulties of "an uneasy synthesis of 12 countries," in the words of the official. There was no "emotional bottom" to the idea of a united Europe, he admits, but he adds: "The feeling is growing that it is better for us to be together."

The 1992 date itself has no real significance. It was pulled out of the air simply to provide a deadline to be aimed at. "It was a confidence trick," says the official. "But it was a good confidence trick." Ken Mackenzie

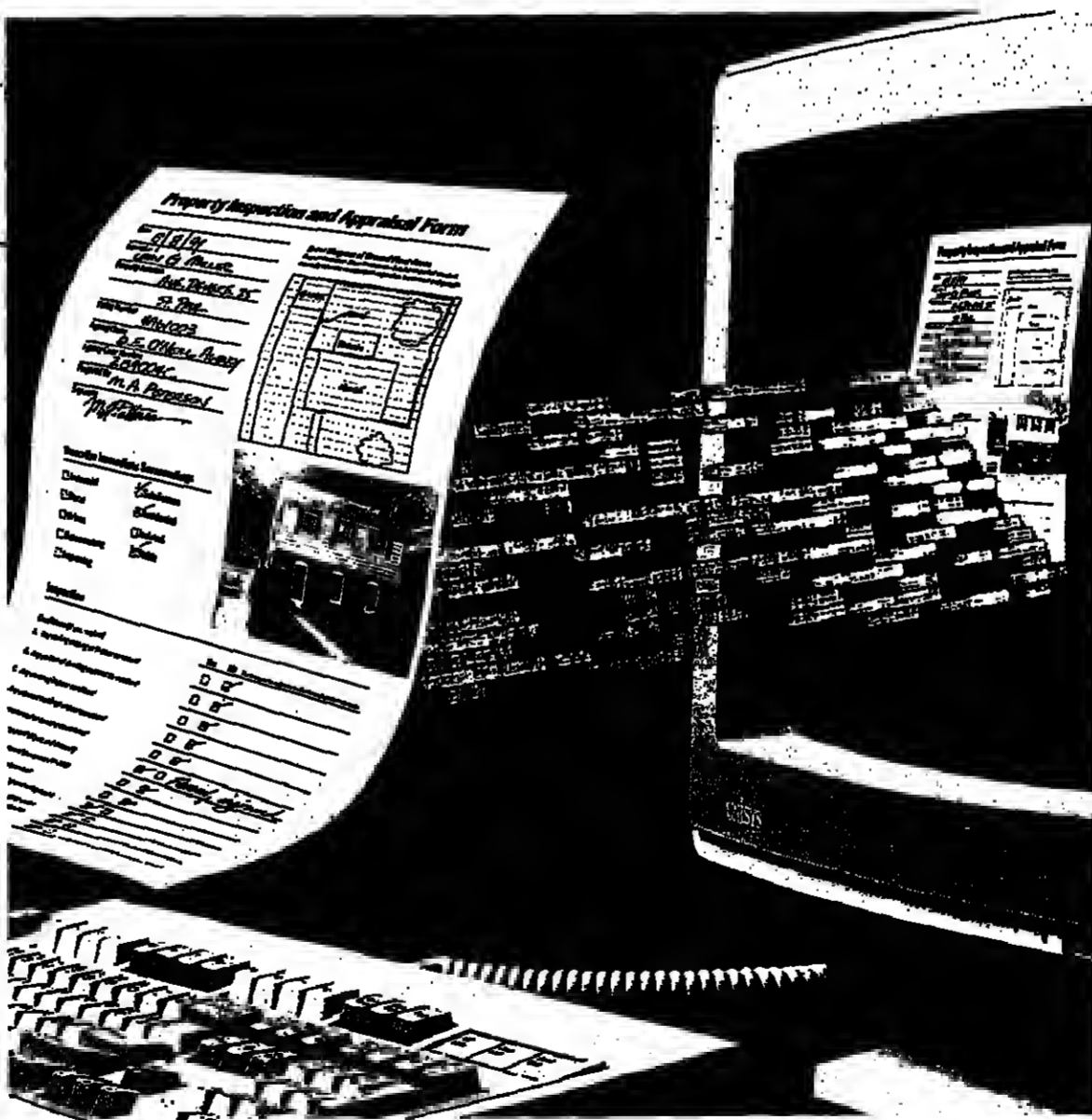
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INTERNATIONAL BONDS

Not for the Faint of Heart: Latin Funds Yielding 11%

By Carole Gould, New York Times Service

NEW YORK — Seeking to capitalize on investors' frustration with rock-bottom yields in the United States, a trio of closed-end bond funds that invest in Latin American debt and yield roughly 11 percent have come to market in the last five months.

The yields are high, of course, because the risk is high. Combine Latin America's long history of political turmoil with illiquid fund holdings and some leverage, and "you've got a pretty dicey investment," said Thomas J. Herzfeld, who specializes in closed-end investment and analysis in Miami.

Invest only small amounts in these funds, analysts warn, and only when their share prices fall from premium levels.

Analysts call the 1980s in Latin America the "lost decade," but the outlook has changed as many controlled economies converted to free markets. More recently, Latin American equity funds multiplied to the point of satiety, so closed-end sponsors have turned to debt.

They are basically junk bonds, vulnerable to policy shifts.

The Latin America Dollar Income fund, managed by Scudder, Stevens & Clark, came to market in July. The Emerging Markets Income Fund, managed by Salomon Brothers, began selling in October, and the Alliance World Dollar Government Fund started up in November.

The Latin funds reduce currency risk by buying dollar-denominated bonds — mainly Brady bonds, issued under a program designed by Treasury Secretary Nicholas F. Brady in 1990 to help developing countries refinance their debt. The U.S. Treasury guarantees payment of 18 months' worth of interest plus principal, but not until the 20- or 30-year bonds mature.

The Scudder fund invests mostly in Mexico, Argentina, Venezuela and Brazil. The Alliance fund invests mainly in Mexico, the Philippines, the United States, Venezuela, Argentina and Brazil.

Emerging Markets focuses on Mexico, Argentina, the Philippines and Morocco, Salomon Brothers said, refusing to be more specific. Because the funds own mostly government securities, investors may think they are as safe as U.S. government bond funds. Not so. They are basically junk bond funds, especially vulnerable to sudden policy shifts. Brazil's recent refusal to negotiate with the International Monetary Fund is one example. And there are coup attempts, as in Venezuela recently, and the danger of defaults.

Then there is leverage. The Latin America Dollar Income fund, which is authorized by its prospectus to leverage up to one-third of its portfolio through bank borrowing, has already taken \$10 million in loans against its \$92 million in assets. As survivors of the 1980s learned, leverage is bad news when interest rates rise.

Michael Porter, an analyst with Smith Barney, Harris Upham, says that if President-elect Bill Clinton stimulates the United States economy and investment yields move back up, why not wait to buy U.S. issues rather than risking Brady bonds? For investors who insist on Latin America, he recommends Latin America Dollar, even at a slight premium, but for no more than 5 percent of a portfolio.

Miyazawa Clinton Tax Plan Meets Math

Calls for Rice Deal

He Aims to Avoid GATT Collapse

Compiled by Our Staff From Dispatches

TOKYO — Prime Minister Kiichi Miyazawa has hinted that Japan would partly open its rice market to avoid being accused of causing a breakdown in world trade talks.

Foreign Minister Michio Watanabe also reiterated Sunday that Japan needed to relax its stance in the Uruguay Round of talks being held under the auspices of the General Agreement on Tariffs and Trade.

In his first news conference since shuffling his cabinet on Friday, Mr. Miyazawa said Saturday that his administration was formulating a policy that would both protect farmers and prevent a failure of the trade talks.

"We cannot cause a breakdown in the Uruguay Round," Mr. Miyazawa said. "But Japanese farmers must be able to farm with security and grow rice with security. It's a question of how to combine those two conditions."

Mr. Watanabe said that while Japan still needed to protect its rice sector, "there'll be problems if we don't start thinking about letting in some imports."

He proposed a two-tier tariff plan, under which the first 10 percent of imports would be subject to very low tariffs and the following 20 to 30 percent to very high tariffs.

Japan bans virtually all rice imports under its Food Control Law.

(AP, Reuters)

By Sylvia Nasar, New York Times Service

NEW YORK — As President-elect Bill Clinton's economic team considers how best to turn his campaign promises on taxes into legislative proposals, it may feel the ground shifting.

His campaign tossed around a host of proposals on government financing, from spending cuts to getting more tax revenue from corporations and individuals, all aimed at getting the resources to accomplish goals ranging from middle-class tax relief and public works to balancing the deficit.

But the consensus among experts was that many of the proposals were unrealistic, and that the proposal most likely to yield significant new money was tax increases on the wealthiest taxpayers.

Getting the really rich to pay more was a major plank of the Democratic campaign. For Clinton tax purposes, a couple with income of \$200,000 and a single taxpayer with \$150,000 count as rich.

At the same time, there are proposals for tax relief for the middle class. But the threat of a ballooning deficit has emerged, and economists say this idea may have to be trimmed back or shelved altogether.

Mr. Clinton, however, insisted again Friday that no such backtracking would occur.

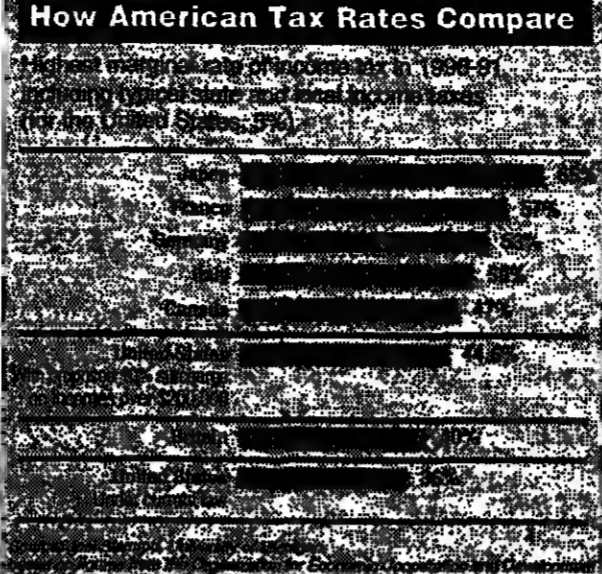
The problem is that while higher tax rates on high incomes are likely to provide a good deal of new money, they are not likely to generate the \$92 billion over four years that the Clinton camp claimed.

Many experts had been skeptical of that claim. Congressional Budget Office estimates put the added revenue at a maximum of \$80 billion over four years; estimates from Treasury officials and the Republican side of the Joint Economic Committee of Congress are lower.

But even as long-term deficit projections look gloomier, so also is the outlook for collecting as much from the rich as had been projected even in the lowest estimates.

Perhaps the biggest consideration is one raised in a new study of how very rich taxpayers react to higher taxes. Published by the National Bureau of Economic Research, it suggests that extremely rich people — the top slice of the top 1 percent of taxpayers — have considerable flexibility to expose less of their income to taxation.

How American Tax Rates Compare



The New York Times

Just how much flexibility they have has become apparent. Those who can have reacted to take bonuses now rather than next year, to cash in stock options — as Michael Eisner, chairman of Walt Disney Co. did — and to move income forward in any way possible.

Another reason for thinking that the rich will yield less revenue than Clinton tax planners had hoped is that the rich may not possess as many riches as they used to. The latest Internal Revenue Service summary of tax returns, for 1989, shows that many high fliers — real estate empire builders, retailers and newly redundant executives — had

See TAX, Page 17.

Iran Beats Drum For New OPEC Production Cuts

DUBAI — Iran called Sunday for fresh contacts among OPEC members to shore up sagging world oil prices, saying it was prepared to cut its production beyond guidelines agreed by OPEC last month if other members followed suit.

After a week in which world oil prices continued to drop despite a late November agreement by the Organization of Petroleum Exporting Countries to reduce supplies, Iran said it was clear more cuts were needed.

An Iranian oil ministry statement issued in Tehran called on OPEC President Alirio Parra, Venezuela's minister of energy and mines, to consult members on ways of strengthening the market.

The statement said Iran was "prepared to reduce further its production level if other members agreed to do so."

"Since the current prices situation indicates that the market is not capable of absorbing the current supply level, the Islamic Republic of Iran is also prepared to further reduce its production level if other members agreed to do so," the statement said.

The 12 member countries of OPEC agreed new allocations for the first three months of 1993 with a total output of 24.582 million barrels per day, OPEC states, excluding Ecuador which has suspended its membership, pumped an estimated 24.9 million barrels in November.

But the market, apparently responding to higher-than-expected stocks in industrial countries and a mild winter so far in the northern hemisphere, has not reacted to the OPEC measures.

Iran, which earlier said that its November output averaged 3.9 million barrels, said in Sunday's statement it had lowered production by 300,000 barrels as of Dec. 1.

Iran said it hoped that other members had already reduced their production in line with the November accord.

Mr. Parra has blamed the continuing collapse in oil prices, which dropped more than 15 percent in the past eight weeks, on oil market speculators.

Since the last OPEC meeting was held in late November, the price of West Texas Intermediate crude for January delivery in New York has fallen by more than \$1 a barrel to \$19.09 a barrel.

Saudi Arabia, the world's largest oil exporter, has not signaled any willingness so far to reduce its production below its allocation of 8.395 million barrels which was agreed by OPEC in Vienna on November.

China as Net Importer?

China may become a net importer of oil by 1995 as its economy surges, said a Reuters report from Beijing, quoting unidentified Chinese sources speaking to the China Daily.

To ease pressure for imports, China plans to reduce oil consumption in its total energy use, mainly by replacing it with coal. Oil and gas now account for 21 percent of China's total energy requirements.

The Business Weekly, published by the China Daily, said Sunday that China would allow the price of oil on its domestic market to float at international levels. Bloomberg reported from Beijing.

In 1991 China exported 23 million tons of oil and imported six million tons. Its current annual production stands at 140 million tons, ranking fifth in the world.

Urbanor is 95-percent owned by Prima. EFE said one factor in Urbanor's suspension of payments was a 2.1 billion peseta debt owed it by Prima.

A senior KIO official was quoted Saturday as referring to cases of mismanagement of Kuwaiti public funds in several countries.

Besides Spain, financial mismanagement had been uncovered in Portugal, the United States and Australia, said Badr al Mekhizim. (Reuters, AFP)

Ripples From Crisis at Torras Spread to Units

Compiled by Our Staff From Dispatches

MADRID — Two units of Grupo Torras SA, the Spanish holding company for the Kuwait Investment Office, have filed in court for suspension of payments to their creditors as the effects of Torras's own suspension widened.

Meanwhile, the Kuwaiti finance and planning minister, Messer al Rudaini, on Sunday raised the estimated amount of the KIO's losses in Spain to \$5 billion.

The Spanish press agency EFE said that Prima Inmobiliaria SA, a property firm, had liabilities of 60 billion pesetas (\$53 million), while Urbanizadora del Norte SA owed 40 billion pesetas.

The units made their filing as a Madrid court approved on Saturday a decision earlier this month by Torras to suspend payments, judicial sources said. The company has debts of 243 billion pesetas, three-fourths of which is owed to KIO.

Its creditors also include Banco Bilbao Vizcaya and Sumitomo Bank. Receivers will decide whether Torras can meet its obligations or whether bankruptcy proceedings should begin.

At the time Torras decided to file for receivership, its deputy chairman, Mahmoud Nouri, said its losses amounted to \$4 billion.

The Kuwaiti finance minister linked the losses in Spain to "bad management as well as administrative and legal irregularities" at Torras.

and property empire at one time valued at more than \$5 billion.

Urbanor is carrying out a high-profile twin tower construction project in Madrid.

Urbanor is 95-percent owned by Prima. EFE said one factor in Urbanor's suspension of payments was a 2.1 billion peseta debt owed it by Prima.

A senior KIO official was quoted Saturday as referring to cases of mismanagement of Kuwaiti public funds in several countries.

Besides Spain, financial mismanagement had been uncovered in Portugal, the United States and Australia, said Badr al Mekhizim. (Reuters, AFP)

Los Angeles Notebook

Santa Monica Strikes Gold on the Third Street Promenade

Santa Monica is a pleasant, affluent enclave between Los Angeles and the Pacific Ocean, notable for its liberal politics and a large population of homeless people who take advantage of its parks and mild climate. It is also becoming a magnet for shoppers and tourists, thanks to a rebuilt commercial district that is a shining exception to the dismal California real estate scene.

In the early 1990s, Third Street was Santa Monica's downtown shopping district. As was common among American cities outside the Northeast, suburban shopping malls began to lure customers away in the 1950s. Santa Monica fought back in the mid-1960s by creating an outdoor pedestrian mall on Third Street, which, like many American downtown revival projects, failed. "Before 1986 it was a ghost town," said a city official. "You could shoot a cannon down there and not hit anybody."

But today, the Third Street Promenade draws up to 25,000 people each weekend night and is putting pressure on Westwood, the outdoor shopping neighborhood in Los Angeles proper. Office space along the three-block promenade is popular, real estate executives said, with Dean Witter Reynolds Inc. among the tenants. The area's revival came after a major refurbishment in 1989 and is linked to two site-specific phenomena,

although planners said the overall concept could be used elsewhere.

One key to the project's success was the recruitment of three first-run movie houses to join the art-film house already there. The three-block-long promenade now has 5,900 cinema seats, a considerable draw in a city where many residents either work in the movie industry or think they ought to.

The second draw is, ironically, an indoor shopping mall. Santa Monica Place is just across the street from the promenade, and it was constructed with its back to the outdoor mall.

"When it opened, it really added the last, final blow," said a spokesman for Baystate District Corp., a city-sponsored corporation that manages the promenade. That led Santa Monica to upgrade the promenade, after getting the indoor mall to open its back wall and put its main entrance facing the outdoor shops. Now, people pass easily between the two developments.

The promenade was redeveloped with about \$10 million of public funds and \$150 million of private investment. It brings in about \$45 million of direct annual revenue for the city, which largely comes from parking and vendor fees. One important upgrade was the expansion of parking space, and the project now has six garages. Before the refurbishment opened in 1989, the annual revenue was about \$400,000.

Along the three long blocks of the promenade there are topiary fountains, green kiosks and comfortable beaches (where the homeless people offer to share the wealth of their more affluent neighbors). The largest single category of stores is restaurants, which account for about 80 of the 200 retailers. Los Angeles residents tend to come to the mall for a specific restaurant or to see a specific movie. Many of the other retailers are boutiques, and there are about half a dozen bookstores. This being California, a metaphysical gift shop opened in November.

Elsewhere in the Los Angeles area, the outlook for real estate, especially commercial real estate, is not bright. One investor said he was told by bankers that they did not see the market recovering for 12 years.

Several real estate executives scoffed at that number, but said there was little likelihood of much improvement soon. Downtown Los Angeles has an office vacancy rate of about 29 percent, compared with a national rate that was 18

percent in recent months, they said, and there have already been about \$5 billion of foreclosures on commercial real estate in Southern California. More telling, they said, another \$5 billion is expected, the result of overbuilding during the 1980s and current weakness in the California economy. For the coming five years, they said, little construction is expected, but bankers may seem more downbeat because "they won't have jobs in a couple of months."

Carolyn Stewart, a regional economist at the Federal Reserve Bank of San Francisco, said residential real estate also was "not very promising" but added that "even the most pessimistic forecasts show improvement in 1996-1997." High-cost homes in Los Angeles have been hard hit, she said, but prices have not fallen much for homes in the \$100,000 to \$250,000 range. In such satellite cities as Riverside and San Bernardino, homes are selling for only 5 percent to 10 percent less than the peak years of 1989 and 1990.

Who Says 7th Is So Bad?

California's annoy citizens of the earthquake 49 states in many ways. For one thing, they measure distance in units of time, so that San Francisco is about five hours north of downtown Los Angeles,

THE TRIB INDEX

International Herald Tribune World Stock Index, composed of 230 Internationally Investible Stocks from 20 countries, compiled by Bloomberg Business News. Week ending December 11, daily closings, Jan. 1992 = 100.

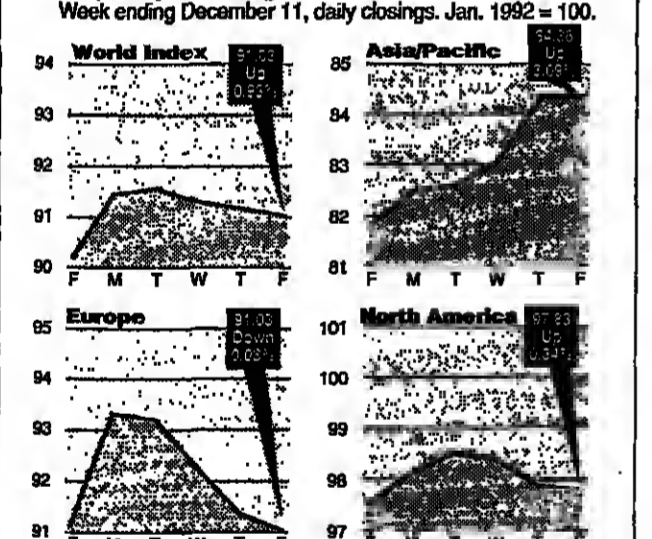


Table with 4 columns: Sector, 12/11/92, 12/04/92, % Change. Rows include Energy, Utilities, Finance, Services, Capital Goods, Raw Materials, Consumer Goods, Miscellaneous.

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

CURRENCY RATES

Table with columns: Currency, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask. Rows include Swiss Franc, French Franc, German Mark, Italian Lira, Japanese Yen, British Pound, Hong Kong Dollar, Singapore Dollar, Australian Dollar, New Zealand Dollar, Canadian Dollar, Australian Dollar, New Zealand Dollar, Canadian Dollar.

GM Postpones Mass Production Of Electric Cars

DETROIT — General Motors Corp. has said that it will delay its electric car program until the late 1990s because the market is not yet ready for the new vehicles.

GM also announced plans on Friday to team up with Ford Motor Co. and Chrysler Corp. to develop common electric vehicle components.

The automaker said it canceled plans to retrofit a Lansing, Michigan, factory it had designated to begin producing a car based on its two-seat electric impact prototype by the mid-1990s. Instead, GM now plans to make up to 50 electric test vehicles next year at a technical center in Warren, Michigan.

The delay represents a sharp pull-back for GM, which took the lead in electric car development when Roger Smith, then chairman, announced in 1990 that GM would mass-produce the Impact by mid-decade. Analysts have said GM cannot afford the program when its core car lines are becoming outdated.

BusinessWeek

Advertisement for BusinessWeek magazine listing topics like Japan's Auto Overhaul, Gusher In Kazakhstan, A Talk With The Governor Of Hong Kong, Clinton's Economic Team, What's In And Out In '93.

Advertisement for Vacheron Constantin watches featuring an image of a watch and text: 'VACHERON CONSTANTIN GENEVE SINCE 1755'.

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. Dec. 11

Canadian Dollars

Table of Canadian bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Tray.

Table of ECU Straights bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Tray.

Table of Pound Sterling bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Tray.

Table of Yen Straights bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Tray.

Table of other international bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Tray.

Table of other international bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Tray.

Table of other international bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Tray.

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Table of other international bond prices with columns for Issuer, Con, Mat, Price, Yld, and Bid/Tray.

NEW YORK (AP) -

Stock market news and commentary, including mentions of Dow Jones and market volatility.

MUTUAL FUNDS

News and analysis regarding mutual fund performance and market trends.

Figures as of close of trading Friday, Dec. 11.

Table of mutual fund performance figures as of Friday, Dec 11.

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(Continued on next page)

New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, Terms. Includes Floating Rate Notes, Fixed-Coupons, and Equity-Linked.

Bond Bears Fear Signs Of Revival

Compiled by Our Staff From Dispatches NEW YORK — The U.S. Treasury market will closely watch auto sales and housing starts this week for any further signs of sharp improvement in consumer spending.

U.S. CREDIT MARKETS

6.1 million autos for the 10-day period. Anything significantly above that could attract market attention, some analysts said.

Housing starts for November, to be released early Wednesday, will be watched closely for the same reason.

The 30-year Treasury bond closed Friday at 102 7/32 for a yield of 7.43 percent.

The 2-year note ended at 99 24/32 to yield 4.73 percent, compared with the previous week's quotations of 99 28/32 and 4.67 percent.

Toyota Deal Would Give GM Big Boost in Japan

DETROIT — General Motors Corp. and Toyota Motor Co. are discussing plans for Toyota to begin selling 50,000 GM-built small cars a year in Japan beginning in 1995, a trade magazine said.

The magazine said the cars would be equipped with the steering wheel on the right side because the Japanese drive on the left side of the road.

On more purchases of U.S.-made vehicles. The GM-Toyota discussions involve redesigned 1995 models of GM's J-cars, currently the Pontiac Sunbird and Chevrolet Cavalier.

The Week Ahead: World Economic Calendar, Dec. 14-19

Table with columns: Date, Event, Location. Lists economic events for Dec 14-19 including elections, interest rate decisions, and trade data.

BUSINESS BRIEFS

U.S. Executives Sound Upbeat Note

NEW YORK (NYT) — A growing number of America's senior executives say the U.S. economy is improving. Sixty percent of 499 senior executives consulted in a New York Times/CBS News poll in early December said they believed the economy was getting better.

German Warning on Falling Income

BONN (Combined Dispatches) — The leader of Chancellor Helmut Kohl's junior coalition party, the Free Democratic Party, said Sunday that West Germans will have to accept lower income to support Eastern areas.

U.S. Is Taiwan's Biggest Supplier

TAIPEI (AFP) — The United States has replaced Japan as the largest supplier of goods to Taiwan for the first time in more than four decades, economics officials said Sunday.

For the Record

Major Japanese commercial banks are becoming reluctant to offer loans at prime rates and such loans are becoming a smaller part of total loan business, Nihon Keizai Shimbun said.

TAX: Clinton Proposals Run Up Against Mathematics

(Continued from first finance page) their wings clipped during the last four years of economic drift. The number of taxpayers reporting pretax incomes of \$1 million or more dropped from 62,000 in 1988, to 58,000 in 1989, and their share of total income shrank from 5.5 percent to 4.7 percent.

FRANC: In Search of a Solution

(Continued from page 1) disadvantage at a time when economic slowdown is hurting exports. Higher interest rates, not very credible with unemployment so high and French parliamentary elections approaching, carry little conviction as they only risk to compound problems for domestic banks that could then begin to infect other parts of the financial system.

A temporary suspension from the European Monetary System is viewed as a face-saving way for the French government of avoiding a devaluation that experts agree is not warranted by economic fundamentals or abandoning the fixed-rate system so central to the goal of creating a European monetary union and a common currency by the end of the century.

Jonathan Wilmut, a London-based analyst at Credit Suisse First Boston, said: "Greater exchange rate flexibility between now and 1997, including in the Deutsche mark-French franc parity, is probably the only way to give European monetary union a chance, and perhaps the only way to get sufficient growth and employment for the EC to stay in one piece over that period."

He believes that if France temporarily withdraw from the fixed-rate system and slashed interest rates, the franc would initially fall, probably no more than 3 percent from its current level to about 3.50 francs per DM.

Euromarts At a Glance

Table with columns: Eurobond Yields, Weekly Sales, Libor Rates. Lists yields for various maturities, weekly sales figures, and Libor rates.

Last Week's Markets

Table with columns: Stock Indexes, Money Rates. Lists market performance for various indices and interest rates.

MUTUAL FUNDS

Table with columns: Fund Name, Bid, Ask. Lists mutual fund performance and prices.

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MONDAY SPORTS TENNIS

Tomba Fails To Overtake Girardelli

ALTA BADIA, Italy — Marc Girardelli, a four-time World Cup overall champion, withstood a sensational second-run comeback by Alberto Tomba to win the giant slalom on Sunday.



Marc Girardelli of Luxembourg clearing a gate Sunday en route to his giant slalom victory, which made him the overall standings leader.

Stich Takes the Big Prize German Defeats Chang to Win \$2 Million

MUNICH — Michael Stich turned a disappointing season into a \$2 million payday on Sunday with a straight-set victory over Michael Chang in the Grand Slam Cup final.

Maier of Austria Edges Norwegian in Super-G

VAIL, Colorado — Ulrike Maier of Austria won her second World Cup skiing race of the season here Sunday with a victory in a super-giant slalom.

Baseball Antitrust Exemption: License to Steal?

By Dave Anderson New York Times Service NEW YORK — For 70 years, baseball has protected its antitrust exemption as if it were the steal sign.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market data, including columns for various stock indices and individual stock prices.

Main table of stock market data, organized into multiple columns with headers for 'Sells In 100s', 'High', 'Low', 'Close', and 'Net Chg'.

MONDAY SPORTS SOCCER

São Paulo Rallies Past Barcelona

By Steven Brill
International Herald Tribune
TOKYO — Any doubts that the Japanese are excited about soccer to support the professional league that starts here in May dissolved Sunday when São Paulo defeated Barcelona, 2-1, in the world soccer club championship.

Normally obedient, Japanese fans buoyed by São Paulo's aggressive, sometimes reckless tactics, raced past security men onto the field to help underdog São Paulo celebrate its come-from-behind victory. Never before had fans mobbed the field at the Toyota Cup, which began in 1980 and pits the European champion against the South American champion.

Barcelona's Dutch coach, Johan Cruyff, said the dry field and strong winds worked against his team.

"We are making no excuses," he said. "Their rhythm was better than ours, except for the first 10 minutes."

At the outset, Barcelona was boss. Hristo Stoichkov of Bulgaria scored the first goal after 12 minutes, zipping a left-foot shot into the far left corner of the goal. Barcelona seemed to have the match sewed up.

But the scrappy São Paulo subsequently shored up its defense while continuing its South American-style wildcat strikes.

"In the second half we gained control of the midfield and created

more opportunities to score," said São Paulo's coach, Tele Santana. For the 61-year-old Santana, who led Brazil's World Cup campaigns in 1982 and 1986, winning the Toyota Cup was an achievement.

"I don't have words to express my happiness," Santana said, moments after the victory. "It's an unprecedented title for Brazil and we conquered with merit."

European teams have won the cup the past three years.

But the moment was savored as much by Japanese companies who have been preparing for more than 10 years to start the country's first

professional soccer league with 10 teams. The Toyota Cup is the main event used to promote soccer in a country where fans are accustomed to more slow-paced sports such as sumo wrestling and baseball.

Although the United States has failed to create much interest in the world's most popular sport, the Japanese appear more likely to succeed. Tickets for the match in the 60,000-seat National Olympic Stadium sold out in two weeks.

Soccer, now broadcast regularly on nationwide television, is rapidly gaining in popularity among young people in Japan, mostly at the expense of baseball. Interest grew after Japan won the Asia Cup this year.

Borrowing on techniques that made Japan's automobile and semiconductor industries global competitors, Nissan Motor Co., Mazda Motor Co., Yomiuri and other giant companies sponsoring teams are digging deep into their pockets and thinking long term.

More than 30 Brazilian players are in Japan, creating interest and nurturing talent. Big-name stars past their prime, such as Zico of Brazil and Gary Lineker of Britain, draw fat salaries.



São Paulo's Rai goes flying to head in a pass from Muller for a goal, as Richard Witschge of Barcelona (center) tries in vain to block.

SCOREBOARD

NBA Standings

EASTERN CONFERENCE			
Atlantic Division			
Team	W	L	Pct
New York	11	7	.613
Charlotte	11	9	.550
Orlando	9	9	.500
Boston	9	11	.450
Washington	1	24	.042
Philadelphia	5	12	.294
Miami	5	12	.294

WESTERN CONFERENCE			
Midwest Division			
Team	W	L	Pct
Utah	12	6	.667
Houston	11	6	.647
San Antonio	9	9	.500
Denver	7	11	.389
Minnesota	5	12	.294
Dallas	1	15	.063

PACIFIC DIVISION			
Team	W	L	Pct
Phoenix	14	4	.778
Portland	12	6	.667
LA Lakers	11	6	.647
Seattle	12	1	.923
LA Clippers	11	1	.885
Oakland	8	11	.421
Sacramento	6	12	.333

FRIDAY'S RESULTS			
Seattle	27	19	24-106
Boston	34	20	28-106
LA Clippers	102	84	118-112
LA Lakers	101	94	118-112
LA Clippers	101	94	118-112
LA Lakers	101	94	118-112

NBA Standings (cont.)			
Central Division			
Team	W	L	Pct
Chicago	13	6	.684
Indiana	11	8	.579
Charlotte	11	9	.550
Atlanta	10	9	.526
Milwaukee	10	9	.526
Cleveland	9	11	.450
Detroit	7	10	.412

SATURDAY'S RESULTS			
Seattle	10	27	23-63
Cleveland	10	27	23-63
LA Lakers	101	94	118-112
LA Lakers	101	94	118-112
LA Lakers	101	94	118-112
LA Lakers	101	94	118-112

SATURDAY'S RESULTS (cont.)			
LA Lakers	101	94	118-112
LA Lakers	101	94	118-112
LA Lakers	101	94	118-112
LA Lakers	101	94	118-112
LA Lakers	101	94	118-112
LA Lakers	101	94	118-112

Major College Scores			
Arizona	78	Utah	44
Boise	76	Wyoming	53
Long Beach	57	Southern Cal	42
Memphis	74	Purdue	64
Michigan	61	San Jose	57
North Carolina	62	Stanford	46
Oregon	84	Idaho	61
St. Mary's	60	Villanova	44
Washington	74	Creighton	64
West Virginia	66	Washington	64
Webster	85	Utah	58

WOMEN			
Results Saturday from Vail, Colorado:			
Mikami Yuki, Germany	1 min 42.66 sec		
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MONDAY SPORTS FOOTBALL

Tar Heels Defeat Houston

Williams's Return Spurs N. Carolina

The Associated Press Donald Williams returned to action and scored 21 points Sunday as the fifth-ranked North Carolina struggled to an 84-76 victory over Houston in Chapel Hill, North Carolina.

COLLEGE BASKETBALL

Williams added two 3-point baskets during a 26-7 run that helped the unbeaten Tar Heels (5-0) take a 66-43 lead with 11:51 remaining.

A 13-0 run covering five minutes, built mainly on free throws, drew Houston (2-1) within 70-62 following a 3-pointer by Tyrone Evans with 6:04 left. But Houston didn't get any closer.

No. 1 Duke 88, Rutgers 79: On Saturday, in East Rutherford, New Jersey, Bobby Hurley had 16 points and 11 assists and keyed a decisive 19-6 run with a 3-point basket and assists on two Grant Hill dunks as Duke (4-0) downed Rutgers (2-3).

No. 2 Kansas 108, Missouri-Kansas City 62: In Kansas City, Missouri, Eric Paulley scored 15 points as Kansas (5-0) breezed to the championship of the Golden Harvest Classic, in their first meeting with Missouri-Kansas City (2-3).

No. 3 Kentucky 88, No. 9 Louisville 68: In Louisville, James Mashburn scored six of his 20 points during a 17-1 run in the second half. Kentucky (4-0) recorded its third straight victory in the intrastate rivalry with Louisville (1-2).

No. 4 Indiana 97, W. Michigan 88: In Bloomington, Indiana, Calbert Cheaney scored 22 points, including the 2,000th of his career, as Indiana (7-1) crushed Western Michigan (1-3) to win the 19th annual Indiana Classic.

No. 8 Iowa 78, Iowa State 51: In Iowa City, Val Barnes scored 19 points and Ake Earl added 15 as Iowa (5-0) kept Iowa State (4-2) scoreless for nearly eight minutes in the first half.

No. 11 Georgetown 87, Maryland-Eastern Shore 54: In Washington, Othella Harrington scored 7 points in a 12-point Georgetown (4-0) run at the close of the first half. The Hawks led 2-4.

No. 11 Oklahoma 93, No. 23 Massachusetts 83: In Norman, Oklahoma, the Sooners, 5-0 and tied with Georgetown at No. 11, got 25 points from Jeff Webster and used a 17-1 run late in the game for the victory over the Minutemen (2-2).

No. 13 UCLA 90, San Diego 63: In Los Angeles, Shaq Turner scored 21 points and Kevin Dumassey added 14 to lead UCLA (5-1). The other three UCLA starters also scored in double figures.

No. 14 Arizona 78, Utah 64: In Tucson, Arizona, Khalid Reeves hit back-to-back 3-pointers during a 14-2 second-half run, the second of which gave Arizona (2-1) the lead over Utah (4-1) for good at 51-50 with 10:05 to go.

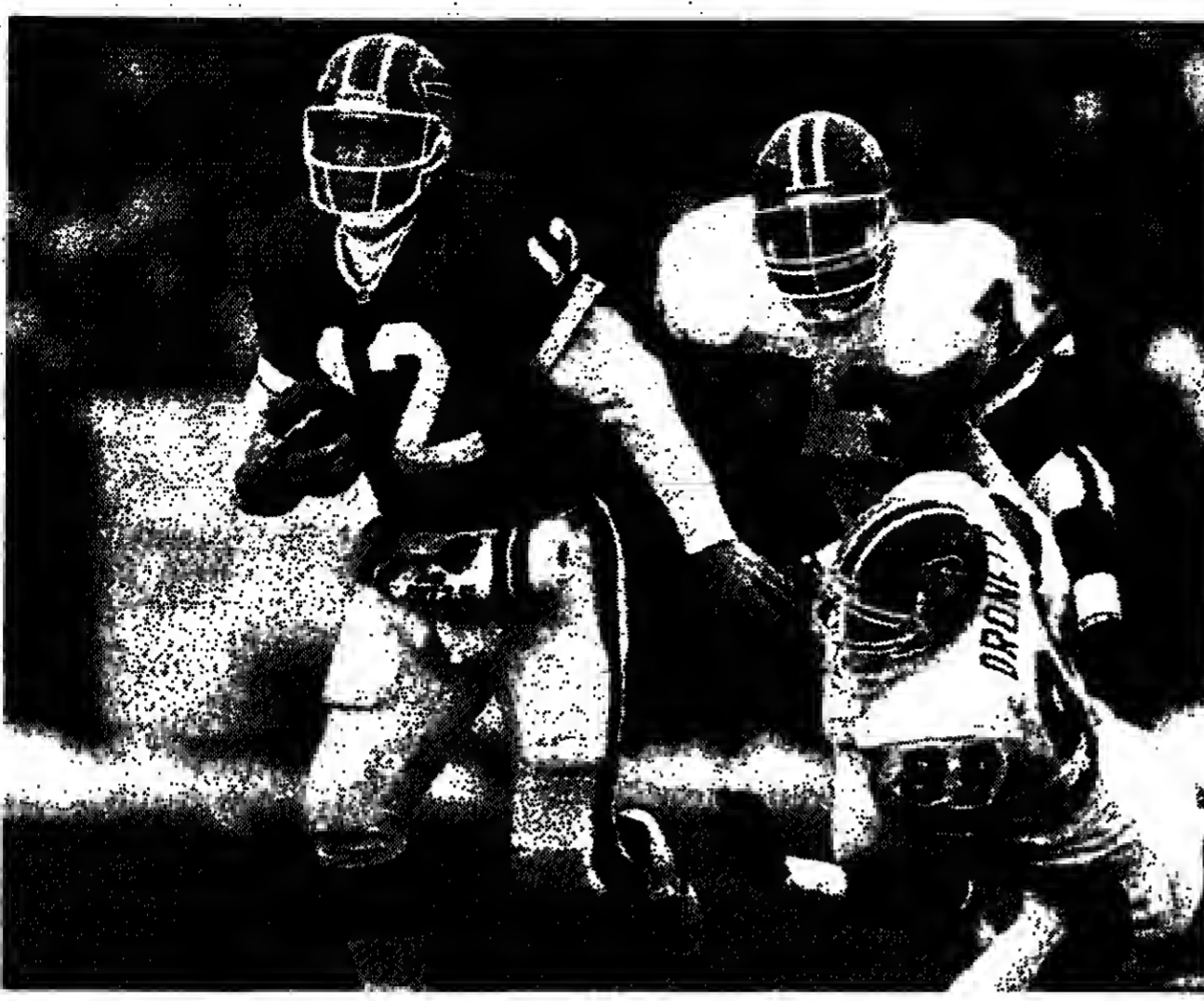
No. 15 Syracuse 104, Texas-San Antonio 78: In Syracuse, New York, Mike Hopkins and John Wallace scored 18 points each, and the Orangemen (5-0) used a full-court press to force the Roadrunners (1-2) into 19 first-half turnovers.

No. 17 Georgia Tech 102, Georgia State 79: In Atlanta, James Forrest ignited a 24-4 game-opening run to lead Georgia Tech (2-1) to victory over its crosstown rival Georgia State (2-1).

No. 18 Purdue 84, Loyola 70: In West Lafayette, Indiana, Glenn Robinson scored 21 points and the Boilermakers (4-0) broke the game open in the first five minutes of the second half by outscoring Loyola (1-3), 16-3.

No. 19 Cincinnati 91, Georgia Southern 57: In Cincinnati, Curtis Bostic scored 16 points and led an opening 15-5 flurry that started Cincinnati (3-0) on its way to victory over Georgia Southern (3-1) in the final of the Delta Bernal Classic.

No. 20 Tulane 91, NW Louisiana 81: In New Orleans, Anthony Reed scored 23 points and Tulane (5-1) shook off a cold streak and the persistent Northwestern (2-1) defense to preserve the victory.



Bills quarterback Jim Kelly (12) evading Bronco defensemen Shane Dronett (99) and Simon Fletcher as he headed for a touchdown.

49ers Prevail, 20-17, Over Slumping Vikings

Compiled by Our Staff From Dispatchers

The San Francisco 49ers continued to prove Sunday that they have no irreplaceable parts.

Amp Lee, filling in for the injured Ricky Watters, rushed for 134 yards and a touchdown and also caught a scoring pass Sunday as the 49ers beat the slumping Minnesota Vikings, 20-17, in Minneapolis.

The Vikings (9-5) moved into field-goal range late in the game, but Tim Harris twice sacked Rich Gannon, forcing Minnesota to punt with 2:13 left. San Francisco (12-2) then ran out the clock, with Lee gaining 27 yards.

Steve Young completed 20 of 26 passes for 183 yards, helping the 49ers move within one victory of clinching the National Football Conference West.

Minnesota, which lost two in a row for the first time this season, has dropped three of its last five games. The Vikings still needed one victory or a Green Bay loss to win the NFC Central.

Watters rushed for 985 yards and nine touchdowns and caught 42 passes for 395 yards and two scores before being injured on Nov. 29. But, like Joe Montana and John Taylor before him, he was replaceable in San Francisco's consistently superb offensive system.

Bears 30, Steelers 6: In Chicago, the Bears' defense, inspired by Mike Singletary's last home game,

forced three turnovers and virtually stopped the NFL's leading rusher, Barry Foster, as Chicago ended a six-game losing streak.

Chicago (5-9) used two fumble recoveries and a pass interception to take a 13-3 halftime lead.

At the end of the third quarter, Jim Harbaugh hit Neal Anderson 30 yards to the Pittsburgh 14. Chicago settled for a 38-yard field goal by Kevin Butler, his third 3-pointer of the day.

Lions 24, Browns 14: In Pontiac, Michigan, Andre Ware passed for 138 yards and two touchdowns and ran for 68 yards as Detroit dashed Cleveland's hopes for an American Football Conference wild-card playoff spot.

Ware had a 13-yard touchdown pass to Brett Perriman and a 19-yarder to Reggie Barrett. Barry Sanders, who carried 30 times for 87 yards, had a 14-yard touchdown run and Jason Hanson kicked a 46-yard field goal for the Lions (4-10).

Ware was making his first start since the ninth game of the 1990 season against Minnesota. Chiefs 27, Patriots 20: In Kansas City, Missouri, Dave Krieg threw a 43-yard touchdown pass to Willie Davis early in the fourth quarter to top a Kansas City rally. The game was played in a heavy rain that helped create eight turnovers including seven fumbles — four by the Chiefs.

Christian Okoye fumbled the ball away on the first play of the game and Tim Goad ran it back 19 yards for a touchdown that gave the Patriots the lead 18 seconds into the game.

New England built a 13-3 advantage before the Chiefs began their comeback which boosted Kansas City to 2-4.

The Patriots fell to 2-12. Krieg completed 10 of 21 passes for 196 yards.

Colts 10, Jets 6: In East Rutherford, New Jersey, Jack Trudeau came off the bench late in the fourth quarter and threw the game's only touchdown, keeping the Colts' faint playoff hopes alive.

Trudeau, who started the last three games with Jeff George injured, replaced George late and guided the Colts 71 yards in five plays, including a 41-yarder to Kerry Cash on third down.

The game-winner was a 23-yarder to Charles Arbuckle with 2:29 remaining. Arbuckle replaced Cash on the play after Cash had seven receptions for 104 yards.

The third straight victory overall for Indianapolis and its 10th in the last 12 meetings with the Jets (4-10) lifted the Colts to 7-7 after going 1-15 last year. They have an outside shot at an AFC wild-card playoff berth.

Falcons 35, Buccaneers 7: In Tampa, Florida, Wade Wilson, given a chance to rejuvenate his 12-year career, threw five touchdown passes — two of them to Michael Haynes.

Andre Rison, Mike Pritchard and Deion Sanders caught the other touchdown passes from Wilson as the Falcons won on the road for the first time this year. It took Atlanta seven road games to win one and the Falcons became the last team in the NFL to post a victory away from home this season.

Wilson completed 19 of 26 passes for 324 yards. Having spent his previous 11 years with the Vikings, Wilson was picked up this year by the Falcons and replaced Billy Joe Tulliver in the starting lineup this week.

Cardinals 19, Giants 0: On Saturday in Tempe, Arizona, the Cardinals ended a pair of long nonstop streaks and four years of futility against the Giants.

The Cardinals (4-10) snapped a four-game losing streak and an eight-game skid in the series. The Giants (5-9) have lost five straight.

The Giants, who beat Phoenix 31-21 on Oct. 11 with healthy Jeff Hostetler at the controls, had to go with rookie quarterbacks Kent Graham and Dave Brown.

Bills 27, Broncos 17: A reverse fletch-er, which ended with Jim Kelly throwing a 64-yard touchdown pass to Don Beebe, snapped the Bills' five-quarter offensive drought against Denver and provided Buffalo with the momentum to win in Orchard Park, New York.

The trick play revived the Bills' offense, which wasn't able to score on Denver's defense in last season's 10-7 victory in the AFC Championship or in the first quarter on Saturday. (AP, UPI)

Scrambling This Time, Torretta Wins the Heisman

By Malcolm Moran

New York Times Service

NEW YORK — He qualified as a Heisman Trophy candidate by throwing the football. But in the final hours before his senior season definitely became a Heisman season, Gino Torretta of the University of Miami was forced to do a little scrambling.

Torretta became the winner of the 58th Heisman Memorial Trophy Award on Saturday, but not before a storm throughout the Northeast forced a change in his itinerary.

He began the trip in Louisville, Kentucky, where he accepted the Johnny Unitas Award on Friday. He flew to Cleveland, then to Newark, New Jersey, and then went by limousine to the Downtown Athletic Club in New York to claim his award.

He received 1,400 points, 320 more than San Diego State's sophomore running back, Marshall Faulk. Torretta's total of 310 first-place votes, of 779 ballots, exceeded the

combined total of Faulk and Garrison Hearst of Georgia, who finished third.

Marvin Jones, a linebacker from Florida State, finished fourth, ahead of running back Reggie Brooks of Notre Dame.

"This is truly a prestigious honor," Torretta said. "I want to thank my teammates, especially the defense, because they're the reason I'm here."

His mother, Connie, attended the ceremony, along with his three brothers. His father, Al, died in 1988.

"I always told him if he'd put his best foot forward, he'd be the best, and today he is the best," he mother said.

Torretta became the second Miami player to win the Heisman, which honors college football's best player, joining Vinny Testaverde, who won in 1986. Torretta is the first senior to win since Tim Brown of Notre Dame in 1987. The four previous winners —

Desmond Howard, Ty Detmer, Andre Ware and Barry Sanders — were juniors.

Torretta's comfortable margin of victory came as a result of a career record of 26-1 as the starting quarterback of the University of Miami Hurricanes, currently the No. 1-ranked team. The Hurricanes (11-0) will meet No. 2 Alabama (11-0) in the Sugar Bowl at New Orleans on Jan. 1.

Torretta will have an opportunity to join Davey O'Brien of Texas Christian and Tony Dorsett of Pitt as the only Heisman winners to play for an undefeated, untied national championship team that won a bowl game. O'Brien did it in 1938; Dorsett in 1976.

The Hurricane quarterback completed 228 of 402 passes this season for 3,060 yards. He threw 19 touchdown passes with just 7 interceptions.

Torretta has won more games than any of Miami's great quarterbacks, including Testaverde, Steve Walsh, Craig Erickson, Bernie Kosar and Jim Kelly.

Since Torretta became the full-time starter in 1991, Miami has gone 23-0. He was 3-1 as a redshirt freshman in 1989, when he filled in for the injured Erickson.

"Gino is smart, he makes few mistakes and he probably operates the offense better than anyone I've ever had," said Coach Dennis Erickson.

The 6-foot-3, 205-pound (190-centimeter, 93-kilogram) Torretta is Miami's career leader in completions (855), attempts (991), passing yards (7,690) and total offense (17,772). He needs only two touchdown passes against Alabama to become the Hurricanes' all-time leader in that category.

"We have a great quarterback tradition here, and I've been proud to carry it on," said Torretta, who comes from a town near San Francisco. "Setting all these records is nice, but the most important thing is winning."

SIDELINES

Marvin Jones Wins Butkus Award

ORLANDO, Florida (AP) — Marvin Jones of Florida State added to his collection of postseason honors when he won the Butkus Award as college football's top linebacker.

Jones, who has 26 career tackles for losses for the Seminoles and ranks seventh on Florida State's all-time tackles (369) list, is a consensus All-American and winner of the Lombardi Award for the nation's premier lineman. Earlier Saturday, he finished fourth in the balloting for the Heisman Trophy — presented to college football's top player.

Michael Barrow of Miami and David Hoffmann of Washington were the other Butkus finalists. Jones received 80 points and 12 of 20 possible first-place votes. Barrow was second with 64 points and six first-place votes, and Hoffmann garnered 36 votes and was first on two ballots. The award was presented by the Downtown Athletic Club of Orlando. Voting was conducted by a panel of 20 reporters and football coaches and scouts.

Jockey Recuperating After Accident

LOS ANGELES (AP) — Kent Desormeaux, who suffered several hairline skull fractures when he was kicked by a horse in a fall at Hollywood Park, says he expects to be back in the saddle in less than a month. Desormeaux, the leading money winner in the United States this year, said Saturday night that he expected to bounce back quickly from the spill, which occurred during Friday's second race. The jockey had four hairline fractures of the skull.

"I've got hemorrhaging and a bunch of fluid and cuts and bruises on my face," he told the Daily News of Los Angeles from his hospital bed.

Winfield Won't Return to Blue Jays

TORONTO (AP) — Dave Winfield has confirmed baseball's worst-kept secret: He is not returning to the Toronto Blue Jays.

"It would be nice if I had some good news for you or the City of Toronto or myself or whatever," Winfield said Saturday. "Basically I'm just here to tell you I won't be a Toronto Blue Jay next year."

Winfield's job disappeared when the Blue Jays signed Paul Molitor earlier in the week. And so Winfield, a guiding force in Toronto's first World Series championship a mere two months ago, finds himself in the same position as he did last year. He went job-hunting after leaving the California Angels and ended up in Toronto a week before Christmas.

Quotable

• Marty Schottenheimer, Kansas City Chiefs' coach, after being criticized for an unimaginative offense: "Play calling is overrated. If your people know what to do and they do it fundamentally sound, you're going to win. That's what coaching is all about."

Suns Edge Past the Heat, 122-118

The Associated Press

Charles Barkley scored 39 points, but almost cost Phoenix the game in the closing seconds before the Suns won their seventh straight, 122-118 over the Miami Heat.

The Suns led, 120-117, Saturday night in Miami, when Barkley threw away an inbounds pass and

four free throws in the last 11 seconds.

Rockets 104, Timberwolves 87: In Minneapolis, Hakem Olujuwon scored 25 points and Scott Brooks came back to haunt his former Minnesota teammates as Houston won its fourth consecutive game.

Chuck Person scored 13 of his 28 points in the third period, helping Minnesota pull to 74-68.

Bulls 95, Nets 89: In Chicago, Michael Jordan scored 38 points and Chicago snapped New Jersey's four-game road winning streak.

The loss was only the second in nine games for the Nets, now 6-4 on the road. New Jersey has not won at Chicago Stadium since January 1986.

Jazz 106, Bucks 82: In Salt Lake City, Utah, Karl Malone had 27 points and 14 rebounds as Utah won for the sixth time in seven games, routing Milwaukee.

Frank Brickowski had 19 points and Ed Edwards 18 for the Bucks, who have lost six straight games following a 10-3 start to the season.

NBA HIGHLIGHTS

then fouled Grant Long, who made the first of two from the line to pull the Heat within two with 16 seconds left in the game. Long missed the second shot, but on the rebound, the Suns Tom Chambers found Willie Burton, who went to the line with the chance to tie the score.

Burton missed both free throws, however, and Danny Ainge, who scored 23 points for Phoenix, was fouled and hit two from the line for the final margin.

The loss was the seventh in eight games for the Heat, who were led by Rony Seikaly with 25 points, including 19 in the second half. Bimbo Coles added 23 points and Glen Rice 22 for Miami.

Knicks 95, Pistons 88: In New York, Patrick Ewing and Charles Smith each scored 21 points, and New York overcame poor shooting with a fourth-quarter rally against Detroit, snapping the Pistons' five-game winning streak.

The Knicks, who trailed by 16 in the first half, took the lead for the first time — and for good — with 7:41 left in the game on John Starks's 3-pointer. That capped a 14-4 burst to open the fourth period and wiped out a 72-63 deficit.

Cavaliers 97, SuperSonics 93: In Richfield, Ohio, Mark Price scored seven of his career-high 39 points in the final 71 seconds as Cleveland ended a four-game losing streak by defeating Seattle.

Contra Costa 3-pointers by Price and Craig Ehlo extended the Cavaliers' 87-86 lead to 93-86 with 38 seconds to go. The Sonics then were forced to foul, and Price made

The \$3 Million Title Bout: Bowe Declines the Offer

Agence France-Press

LONDON — Lennox Lewis of Britain will not be the first challenger to the world heavyweight boxing champion Riddick Bowe, his managers conceded Sunday.

The American has rejected Lewis's offer to fight for just over \$3 million and instead has signed a two-fight deal with the U.S. cable television channel Home Box Office, which rules out Britain's leading contender.

"We are fed up with chasing someone who doesn't want to fight us and is degrading the title," said Lewis's manager, Frank Maloney. "Everybody knows Bowe signed an agreement to meet Lennox," he added, "but the world is big place and he can't go on running forever. The way Bowe's going, one day he'll end up losing the title for not much money."

The World Boxing Council is now certain to make Lewis its champion early in January and look to a first defense, possibly against Alex Stewart in March.

Benn Retains Super-Middleweight Title

Nigel Benn retained his WBC super-middleweight title on Saturday when the referee stopped his bout with Nicky Piper in the 11th round, Reuters reported from London.

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Hitler Diaries as Comedy? It's 'Schtonk'

By John Rockwell
New York Times Service

MUNICH — Last year, the Germans incurred a good deal of international disapproval for refusing to offer Agnieszka Holland's "Europa, Europa" as a contender for the best foreign-film Oscar.

The ostensible reason was that Holland was Polish-French and the film's financing was not German, despite the film's German actors and crew and its use of the German language.

The movie, about a Jewish teenager who disguises his identity during World War II, was called "an embarrassment" by the head of the German Export Film Union. A wide range of progressive German filmmakers and actors protested their country's decision.

Now that Germany is widely in the news because of neo-Nazi attacks on foreigners, the Germans have nominated (for both the Oscars and the Golden Globes Awards) a film about neo-Nazis and the forgery of the Hitler diaries.

Entitled "Schtonk," the movie is a comedy, or less. One might well think that the Germans have shot themselves in the foot once again, national language-wise.

But the story is more complicated than that, and "Schtonk" — which will be shown at the Museum of Modern Art in New York in early January (as part of a series on German films) — is cleverer and more politically astute than the description might suggest.

Heinut Dietl, its affable writer and director, was born in 1944, raised in Munich and is still based here. But unlike most Bavarians, traditionally conservative and provincial, he is a firm proponent of democracy and a Western orientation for Germany.

His idol is Billy Wilder, the masterly Vienna-born director of comedies. Dietl lived in Los Angeles for four years, directing commercials and videos and trying to put together a film about the Chateau Marmont, a residential hotel on Sunset Boulevard that has seen its share of celebrities at their best and worst. He also has a house in the south of France.

Dietl's film won this year's German Film Prizes (the German Oscars) for best picture, best director and best actor — the last to Götz George, who plays Hermann Willitt, a down-and-out journalist who thinks he has the scoop of the century.

In Germany alone, more than two million tickets have been sold for "Schtonk," although a big American film like "Terminator 2" sells more than twice that many. The word "schtonk" is a meaningless epithet uttered by Charlie Chaplin in "The Great Dictator." The script, written with Ulrich Limmer, is based on fact.



Götz George, as the down-and-out journalist in "Schtonk," won this year's German Film Prize for best actor.

In 1983 the Willitt prototype, a reporter named Gerd Heidemann, thought he had found the actual diaries of the Führer, which were really forged by a man named Konrad Kujau. Heidemann sold the publication rights to the popular German weekly Der Stern for more than \$5 million, and Der Stern rushed excerpts into print without doing much checking.

Kujau, who had an ornate private life involving a bickering wife and mistress under the same roof, was pressured to crank out 29 more volumes, hurling even aspects of his own private life into the pages ("I am suffering from wind in the gut").

Three days after Der Stern's scoop, the diaries were dismissed by German government experts as the "superficial concoction of a copyist endowed with limited intellectual capacity."

Dietl said that he had almost no contact with the actual conspirators — none with Kujau, and only one day with Heidemann, who visited the set. "I didn't want my vision to be distracted by the real thing," the director said.

In his film, Dietl portrays nostalgic ex- and neo-Nazis in wickedly satirical terms, but he also mocks Der Stern's greedy gullibility, the reporter's desperate need to believe in his discovery and the crazed ingenuity of Kujau, whose character is called Fritz Knobel.

Dietl says his film has appealed to German sophisticates, not to a perhaps more conservative provincial public.

"We made an analysis," he said. "The people who went to this film were the 'good Germans'; they made it a success. The neo-Fascists and the neo-Nazis, they were strongly against it."

"I am a child of the Bundesrepublik," he said, referring to Western Germany. "As I watched the country being reunited, I couldn't participate in the joy. I can understand it as basically a good thing, but my background makes me afraid. I guess I am a German, and I like this country, but I'm not ready to wave the German flag."

Despite the success of this one movie, Dietl does not predict a revival of German films, in the doldrums since the death a decade ago of Rainer Werner Fassbinder. Nor does he see "Schtonk" as a leader of that revival.

"There is no German film industry anymore," said the director, who notes that he himself has no problem raising capital for a film every few years.

"If you want to make a film in Germany, it's like trying to plant something on the North Pole. People want to cast me as the savior of German film, but I can't accept that."

Dietl, who has worked on television series and films, blames television for the decline of the German film industry.

"Certain principles that make for good films aren't respected anymore," he said. "Quality is no longer a goal — the idea is just to get it done. How it looks is irrelevant, because that's not important on TV. In France, there's still a pride about film."

Even with its German success, "Schtonk" has not been an easy sell abroad. As Dietl put it recently, "When outsiders hear the words 'German comedy,' it sounds the same to them as 'Swedish spaghetti' — a contradiction in itself."

The recent wave of German anti-Semitism and neo-Nazi attacks on foreigners has only compounded the film's marketing difficulties.

"It is being released in January in England, by a small distributor of art films," he said. "But it hasn't been sold yet in Japan, and in America; they're afraid how the public will react. What's happening in Germany today is like a first step to a catastrophe. It makes me nervous, too."

The Synonymy of Renewal

By William Safire

WASHINGTON — I was having some trouble with a leaky copper gutter, and the beams in the basement looked bent out of shape, so I called Martha Stewart.

This author of cookbooks and guides to weddings and other entertainments has a new book out — "New Old House" — dealing with restoration and renovation. Actually, not gutters but leaders are my problem; during Washington's interregnum, the synonymy of *renewal* was bothening me.

She writes in the book, after consulting the Random House dictionary:

It takes a heap of livin' to make a housekeeper.

It is my understanding that a restoration is a pure, line-for-line replication of a space or object, as nearly as possible to its original state. A renovation is a rebuilding of a space or object, with less attention paid to authenticity than to making it new again.

I wanted to hear a less formal differentiation from her own lips. "Restoration is putting things back the way they were," Martha Stewart says. "It's making a house like a museum, the way it was when first built — taking new paint off old penning, taking it back in time."

"Renovation is making something new again — putting in bathrooms, knocking out walls, making an old house more livable for today."

And what about *rehabilitation, remodeling and refurbishment*? "You're going to have to work those out for yourself," she said. "Where did you put that ruler with the bubble in the middle? Here we go."

The noun *restoration* dates back to the 15th century. In British history, the *Restoration* (which ended the interregnum) began in 1660 when Charles II returned to England and re-established the monarchy. George F. Will uses the term to title his new book on Congressional reform, intended to restore respect to Congress. "Term limitation," he concludes, "is measured,

moderate and — let it be said — loving step toward such a restoration." The older *renovation* dates back to the early 1400s.

The Latin *habilitas* is the root of "ability." English picked up the meaning of *rehabilitate* in 1580, as "to re-establish the privileges of one who has been degraded or attained." A Scottish register announced, "Our Sovereign Lord . . . rehabilitatis and restoris the said Robert . . . to his gude fame." Thus, *rehabilitate* is close to "restore to a previous state," while *renovate* is closer in meaning to *renew*, or "make new again," but not necessarily to *replicate* — meaning "copy, reproduce" — the house that used to be. Both are far from *remodel*, which means to change the floor plan or alter the structure.

Refurbish, a word much mocked when used by Walter H. Annenberg in telling Queen Elizabeth of his plans for the American ambassador's residence, originally meant "to renovate"; now its meaning lies somewhere between *redecorate*, "to redo the style of interior furnishings," and *spruce up*, perhaps from *spruce leather*, a smart item once imported from Prussia.

So what is Martha doing to her house? "I'm renovating the inside and restoring the outside," she says, "while working on a new book about housekeeping."

Homekeeping? It's not just *housekeeping*; once your house becomes your home, you have more at stake. (It takes a heap of livin' to make a housekeeper a home-keeper.)

"I'm not going to be buffalooed into appointing independent counsel," declared Attorney General William P. Barr, derided as the Cover-Up General by the irragate implacables, "by political clamor and by the views of editorial writers."

In the same week, the colorful Americanism found its way into a Newsweek subhead: "Don't get buffalooed" was its advice to President-elect Bill Clinton, who had made a concession to the Senate majority leader, George Mitchell. (That was followed by "He'd better wise up or he'll get steamrollered again.") The more familiar slang term is *steamrollered*; perhaps the writer wanted to play on being

"rolled," taken advantage of, as well as being flattened by being run over by a steamroller.)

The meaning of *to be buffalooed* is "to be overawed, intimidated or confused." Do not confuse it with *buffalooed*, which means "pushed aside roughly" and is synonymous with *steamrollered*. The origin of *buffalooed* may be in "to be cowed," or frightened into submission; *buffalo* has long been used for "a cow without horns" as well as for the bison.

The Dictionary of American Regional English cites an 1896 Dialect Notes entry: "Buffaloo: to confuse, rattle." In 1929, American Speech reported, "When a cow becomes confused it is buffalooed."

That is no longer the common usage, nor is the verb used in the active voice. In current use, *to be buffalooed* is to be dumfounded, spooked, unerved. It is nice to see this fine old bit of folklore on the rise in Washington, where the skies are no longer cloudy all day.

"I want to put a fist halfway down their throats with this," an irate Bill Clinton was quoted as saying by Mark Miller in Newsweek, adding, "I want their teeth on the sidewalk."

In a recent column, I noted the richness and unexpected power of this dialect use by the president-to-be and wondered if the reporter was on the scene when the words were spoken.

Turns out he was right there. Mark Miller called to say he heard the expressions with his own ears and made contemporaneous notes. Thus is history served; few other statements by the campaigning Clinton will be noted as lip-smackingly by historians.

Miller says, "The figures of speech are not an affectation — he really talks that way; he's comfortable with Arkansas slang. When I once beat Governor Clinton at hearts — a rare thing for me — I got him to sign the score sheet, and he wrote, 'Even a blind hog can find an acorn.'"

Razorbackese is in.

New York Times Service

INTERNATIONAL CLASSIFIED
Appears on Page 6

WEATHER

Table with weather forecasts for Europe, including columns for High, Low, Wind, and Clouds for various cities like London, Paris, and Rome.



Forecast for Tuesday through Thursday. A storm will move into western portions of the United States and Canada Wednesday and Thursday. Most of the rain will stay north of San Francisco, Chicago and the rest of the central United States will have rain on Wednesday, Thursday and Friday.

Table with weather forecasts for Asia, including columns for High, Low, Wind, and Clouds for cities like Bangkok, Hong Kong, and Tokyo.

Table with weather forecasts for Africa, including columns for High, Low, Wind, and Clouds for cities like Algiers, Cape Town, and Johannesburg.

Table with weather forecasts for Latin America, including columns for High, Low, Wind, and Clouds for cities like Bogota, Caracas, and Havana.

CROSSWORD

Crossword puzzle grid with clues for Across and Down. Includes a solution to the puzzle from Dec. 11.

BOOKS

THE VENERABLE BEAD
By Richard Condon. 294 pages. \$21.95. St. Martin's Press.

SMALL GAME
By John Blades. 239 pages. \$19.95. Henry Holt.

billionaire head of the world's largest fast-food conglomerate. Her companies own 114,720 outlets in 31 countries; a national evangelical television network; casinos in Nevada, Aruba, the Bahamas and Puerto Rico; a chain of ballroom dancing schools, and seven U.S. senators and 61 congressmen.

Leila's aphrodisiac is power, which she gains and exercises ruthlessly. Her ambitions are fulfilled with the help of a good-luck talisman, the ancient ruby that inspires the novel's title.

The hero of John Blades's first novel is Scott Ryan, devoted father and semiretired husband, who has bought an old house in the suburbs to accommodate his growing family. In an easygoing style, Blades delivers a well-developed portrait of the suburbanite as handyman, debtor, commuter and casual rake.

Ryan devotes his imagination to selling a new product called Fur Real. It's a blend of genuine and synthetic fur that is supposed to revolutionize the market in boutiques, shopping malls and upscale discount stores.

When the Reisinger Board-a-Match teams ended Sunday night, concluding the Fall Nationals in Orlando, Florida, there were two winners from Brazil, Gabriel Chagas and Marcelo Branco, and one runner-up from England, Tony Forrester.

South needed entries to the dummy, so he won with the king and unblocked the jack. He was then able to ruff a club, return to the heart-ten and ruff dummy's last club.

South cashed the ace and king of trumps and led a third round. This had two desirable results: The suit split evenly, and West won the trick with the queen. With only diamonds remaining, West had to play that suit and dummy's diamond king and remaining heart brought South's trick total to nine.

Notice that West had missed a chance. If he had played the spade queen on the first or second round of trumps, East would have been able to win the third round and defeat the contract by leading one of his club winners. The dummy would have been able to ruff and

cash a heart, but West would have taken the last two tricks in diamonds.

Both sides were vulnerable. The bidding:
West: North 2♠, East 3♠, Pass, Pass, Pass, Pass.
North: Pass, Pass, Pass, Pass.
South: Pass, Pass, Pass, Pass.

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